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U.S. Department of Agriculture

**1992 BUDGET
EXPLANATORY NOTES
FOR
COMMITTEE ON APPROPRIATIONS
VOLUME 1**

**Office of the Secretary
Departmental Administration
Office of Public Affairs
Office of the Inspector General
Office of Budget and Program Analysis
Office of the General Counsel**

**Agricultural Research Service
Cooperative State Research Service
Extension Service
National Agricultural Library
Soil Conservation Service**

**Rural Electrification Administration
Federal Crop Insurance Corporation
Farmers Home Administration
Rural Development Administration**

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PREFACE

Project Statements

The obligations shown in the Project Statements are based on the appropriations and activities proposed in the 1992 budget estimates. In some Project Statements the activities are further divided into subcategories, reflecting a more detailed description of the work conducted under the appropriation items.

In those accounts where prior year balances are also available for obligation during the year, such amounts are shown in a separate Project Statement.

The amounts shown in Project Statements for the past year are taken directly from the accounting records to the maximum extent possible. Where the Department has adjusted obligations after Treasury has closed the books for the year, we have shown our most current estimate. These adjustments will be picked up by Treasury in subsequent reports.

Statement of Available Funds and Staff-Years

A statement is included for each agency, immediately following the introductory purpose statement, to reflect all sources of funds available to the agency and to show the staff-years related to each source of funds.

These statements reflect the best available information at the time these Explanatory Notes were prepared (January 1991). However, it is not possible in many instances to determine in advance the extent to which agencies may be requested to perform additional services for other Federal and non-Federal agencies or organizations. Therefore, amounts of actual reimbursements and other funds received from sources other than appropriations directly to the agency may vary from those shown in the statements.

In those cases where the funds are not appropriated (reimbursements, trust funds, transfers, revolving funds, etc.), the dollar amounts shown represent actual or estimated Obligations for the year.

In some instances there may be duplication of amounts shown. This results largely from cases involving reimbursements between different agencies within the Department and where amounts are paid from appropriations to the Working Capital Fund. There is no duplication of the staff-years shown.

Classification by Objects

A statement is included for each agency showing total obligations by Object Classification for the agency. Obligations for personnel compensation are also broken between headquarters and field.

Loan Levels

Knowledge of the following basic budget terminology will assist the reader in understanding the budget proposals.

"Direct" loans involve the Federal government disbursing the money to the borrower and receiving the money back from the borrower in regular installments in future years. The Federal agency having responsibility for administering the credit program must counsel prospective borrowers on eligibility criteria and application procedures, evaluate applicant's eligibility and ability to repay, perform the administrative procedures to process the application, make and record the loan payment, receive and record the receipts for repayment, calculate the interest and remaining balance status, monitor the regularity of payments, follow up on delinquent status, and, where necessary, institute legal action to eliminate or minimize the loss to the Federal government in the event of the borrower's default on the loan.

For international trade "Credit Sales", the same basic process is involved except that the disbursement of the cash loan is replaced by the disbursement of cash to purchase and ship the commodities being exported to the foreign country involved.

Loan "Guarantees" involves the Federal government actually guaranteeing a private lending institution that a stipulated portion of a borrower's loan will be repaid. The Federal government does not disburse or receive funds involved in the loan and repayment between the lending institution and the borrower. If the borrower defaults on the loan, the Federal government would have to disburse to the lending institution the portion of the borrower's unpaid balance representing the amount of the Federal guarantee. The Federal agency having responsibility for administering the credit program must counsel prospective borrowers on eligibility criteria and application procedures, evaluate applicant's eligibility and ability to pay, counsel and assist the borrower in arranging the loan with the lending institution, perform administrative procedures necessary to record the loan guarantee transaction, maintain liaison with the lending institutions to keep informed of the status of loan repayments, follow up on seriously delinquent status, and, where necessary, institute legal action to eliminate or minimize the loss of the Federal government in the event of the borrower's default on the loan. The Rural Electrification Administration (REA), however, guarantees loans made by the Federal Financing Bank. Because REA is guaranteeing loans made by another Federal agency, the transaction more closely resembles an insured loan.

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OFFICE OF THE SECRETARY

Purpose Statement

The Secretary of Agriculture, assisted by the Deputy Secretary, Under Secretaries and Assistant Secretaries, and members of their immediate staffs, directs and coordinates the work of the Department. This includes developing policy, maintaining relationships with agricultural organizations and others in the development of farm programs, and maintaining liaison with the Executive Office of the President and members of Congress on all matters pertaining to Agriculture policy.

The Board of Contract Appeals is a reimbursable activity in the Office of the Secretary. It is the authorized representative of the Secretary of Agriculture to make final administrative determinations for the Department of Agriculture in appeals handled under the Secretary's regulations.

The general authority of the Secretary to supervise and control the work of the Department is contained in the Organic Act (7 U.S.C. 2201-2202). The delegation of regulatory functions to the Department employees and authorization of appropriations to carry out these functions is contained in 7 U.S.C. 450c-450g.

Except for one employee located in the Foreign Agricultural Service's Foreign Office, the Secretary's staffs financed from this appropriation are all located in Washington, D.C. As of September 30, 1990, there were 92 full-time permanent employees and 9 other than full-time permanent employees.

OFFICE OF THE SECRETARY

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

Item	1990		1991		1992	
	Actual	Staff	Estimated	Staff	Estimated	Staff
	Amount	Years	Amount	Years	Amount	Years
Direct Appropriations..	\$7,314,000:	81	\$7,638,000:	83	\$9,081,000:	87
Obligations Under Other:						
<u>USDA /Appropriations:</u>						
Board of Contract						
Appeals.....	817,000:	9	989,000:	10	1,099,000:	10
Forest Service.....	90,000:	1	93,000:	1	96,000:	1
Federal Crop Insurance						
Commission.....	470,000:	5	431,000:	--	--:	--
Foreign Agricultural						
Service.....	187,000:	--	176,000:	--	180,000:	--
Agricultural Stabiliza-						
tion Conservation						
Service.....	183,000:	--	58,000:	--	60,000:	--
Miscellaneous						
Reimbursements.....	4,000:	--	--:	--	--:	--
Total, Other USDA						
Appropriations.....	1,671,000:	15	1,747,000:	11	1,435,000:	11
Total, Office of the						
Secretary.....	8,777,000:	96	9,385,000:	94	10,516,000:	98

Full-time Equivalent	1990	1991	1992
Staff-Years:	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>
Ceiling.....	96	94	98
Non-Ceiling.....	2	4	6
Total.....	<u>98</u>	<u>98</u>	<u>104</u>

OFFICE OF THE SECRETARY

Permanent Positions by Grade and Staff-Year Summary1990 and Estimated 1991 and 1992

Grade	1990	1991	1992
Headquarters	Headquarters	Headquarters	Headquarters
Executive Level I	1	1	1
Executive Level II	1	1	1
Executive Level III	2	2	2
Executive Level IV	7	7	7
ES-6.....	9	11	11
ES-5.....	2	1	2
ES-4.....	1	2	2
ES-3.....	2	2	2
ES-2.....	2	1	1
ES-1.....	4	3	3
GS/GM-18.....	1	1	1
GS/GM-17.....	1	1	1
GS/GM-16.....	3	3	3
GS/GM-15.....	9	10	10
GS/GM-14.....	3	3	5
GS/GM-13.....	6	4	4
GS-12.....	6	7	6
GS-11.....	7	8	8
GS-10.....	5	5	7
GS-9.....	6	7	7
GS-8.....	4	4	4
GS-7.....	6	6	7
GS-6.....	1	1	0
GS-5.....	1	1	1
Ungraded Positions	2	2	2
Total Permanent Positions.....	92	94	98
Unfilled Positions, end-of-year.....	0	--	--
Total, Permanent Employment, end-of-year.....	92	94	98
Staff-Years:			
Ceiling.....	96	94	98
Non-ceiling.....	2	4	6
TOTAL	98	98	104

OFFICE OF THE SECRETARY

CLASSIFICATION BY OBJECTS1989 and Estimated 1990 and 1991

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters	\$3,902,402	\$5,157,000	\$5,996,000
11 Total personnel compensation	3,902,402	5,157,000	5,996,000
12 Personnel Benefits.....	818,182	1,104,000	1,269,000
13 Benefits for former personnel.....	<u>11,578</u>	<u>--</u>	<u>--</u>
Total pers. comp & benefit	4,732,162	6,261,000	7,265,000
Other Objects:			
21 Travel.....	210,864	164,000	297,000
22 Transportation of things....	4,250	5,000	11,000
23.3 Communications, utilities, and misc. charges.....	517,281	528,000	599,000
24 Printing.....	201,171	131,000	182,000
25 Other services.....	1,228,191	379,000	472,000
26 Supplies and materials.....	148,962	151,000	192,000
31 Equipment.....	<u>62,916</u>	<u>19,000</u>	<u>63,000</u>
Total other objects.....	<u>2,374,175</u>	<u>1,377,000</u>	<u>1,816,000</u>
Total direct obligations.....	<u>7,106,337</u>	<u>7,638,000</u>	<u>9,081,000</u>
<u>Position Data:</u>			
Average Salary, ES positions.....	\$75,876	\$101,985	\$107,215
Average Salary, GM/GS position...	\$41,186	\$42,995	\$45,400
Average Grade, GM/GS positions...	11.41	11.44	11.47

OFFICE OF THE SECRETARY

The estimate includes appropriation language for this item as follows: (new language underscored; deleted matter enclosed in brackets):

Office of the Secretary

For necessary expenses of the Office of the Secretary of Agriculture, and not to exceed \$50,000 for employment under 5 U.S.C. 3109, [\$1,943,000] \$2,282,000. Provided: That not to exceed \$8,000 of this amount shall be used for official reception and representation expenses, not otherwise provided for, as determined by the Secretary.

Office of the Deputy Secretary

For necessary expenses of the Office of the Deputy Secretary of Agriculture, including not to exceed \$25,000 for employment under 5 U.S.C. 3109, [\$477,000] \$543,000. Provided: That not to exceed \$3,000 of this amount shall be used for official reception and representation expenses, not otherwise provided for, as determined by the Deputy Secretary.

Office of the Assistant Secretary for Administration

For necessary expenses of the Office of the Assistant Secretary for Administration to carry out the programs funded in this Act, [\$544,000] \$658,000.

Office of the Assistant Secretary for Congressional Relations

For necessary expenses of the Office of the Assistant Secretary for Congressional Relations to carry out the programs funded in this Act, [\$1,095,000] \$1,310,000. Provided: That not to exceed \$3,000 of this amount shall be used for official reception and representation expenses, not otherwise provided for, as determined by the Assistant Secretary.

Office of the Assistant Secretary for Economics

For necessary expenses of the Office of the Assistant Secretary for Economics to carry out the programs funded in this Act, [\$529,000] \$580,000.

Office of the Assistant Secretary for Science and Education

For necessary salaries and expenses of the Office of the Assistant Secretary for Science and Education to administer the laws enacted by the Congress for the Agricultural Research Service, Cooperative State Research Service, Extension Service, and National Agricultural Library, [\$512,000] \$560,000.

Office of the Assistant Secretary for Marketing and Inspection Services

For necessary salaries and expenses of the Office of the Assistant Secretary for Marketing and Inspection Services to administer programs under the laws enacted by the Congress for the Animal and Plant Inspection Service, Food Safety and Inspection Service, Federal Grain Inspection Service, Agricultural Cooperative Service, Agricultural Marketing Service, (including Office of Transportation) and Packers and Stockyards Administration, [\$497,000] \$550,000.

Office of the Under Secretary for International Affairs and Commodity Programs

For necessary salaries and expenses of the Office of the Under Secretary for International Affairs and Commodity Programs to administer programs under the laws enacted by the Congress for the Agricultural Soil and Conservation Service, Office of International Cooperation and Development, Foreign Agricultural Service, and the Commodity Credit Corporation, [\$506,000] \$740,000.

Office of the Under Secretary for Small Community and Rural Development

For necessary salaries and expenses of the Office of the Under Secretary for Small Community and Rural Development to administer programs under the laws enacted by the Congress for the Farmers Home Administration, Rural Electrification Administration, Federal Crop Insurance Corporation, and rural development activities of the Department of Agriculture, [\$530,000] \$721,000.

Office of the Assistant Secretary for Natural Resources and Environment

For necessary salaries and expenses of the Office of the Assistant Secretary for Natural Resources and Environment to administer the laws enacted by the Congress for the Forest Service and the Soil Conservation Service, [\$520,000] \$563,000.

Office of the Assistant Secretary for Food and Consumer Service

For necessary salaries and expenses of the Office of the Assistant Secretary for Food and Consumer Services to administer programs under the laws enacted by the Congress for the Food and Nutrition Service and the Human Nutrition Information Service, [\$485,000] \$574,000.

This change establishes a reception and representation fund for the Assistant Secretary for Congressional Relations. These funds are necessary for the use of the Assistant Secretary when hosting small receptions or similar functions for members of Congress or their staffs. Funds cannot be used by the Assistant Secretary to host these receptions without legislation authorizing the use of funds for that purpose.

OFFICE OF THE SECRETARY

Appropriations Act, 1991.....	\$7,638,000
Budget Estimate, 1992.....	<u>9,081,000</u>
Increase in Appropriation.....	<u>+1,443,000</u>

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1992 Estimated</u>
Immediate Office of the Secretary	\$1,943,000	+\$207,000	+\$132,000	\$2,282,000
Office of the Deputy Secretary...	477,000	+37,000	+29,000	543,000
Assistant Secretary for Administration.....	544,000	+32,000	+82,000	658,000
Assistant Secretary for Congressional Relations.....	1,095,000	+170,000	+45,000	1,310,000
Assistant Secretary for Economics	529,000	+34,000	+17,000	580,000
Assistant Secretary for Science and Education.....	512,000	+32,000	+16,000	560,000
Assistant Secretary for Marketing and Inspection Services.....	497,000	+38,000	+15,000	550,000
Under Secretary for International Affairs and Commodity Programs.	506,000	+25,000	+209,000	740,000
Under Secretary for Small Com- munity and Rural Development...	530,000	+22,000	+169,000	721,000
Assistant Secretary for Natural Resources and Environment.....	520,000	+23,000	+20,000	563,000
Assistant Secretary for Food and Consumer Services.....	<u>485,000</u>	<u>+37,000</u>	<u>+52,000</u>	<u>574,000</u>
Total Available.....	<u>7,638,000</u>	<u>+657,000</u>	<u>+786,000</u>	<u>9,081,000</u>

PROJECT STATEMENT
(on basis of appropriation)

Item of Change	1990		1991		Increase or Decrease	1992	
	Actual	Staff:	Estimated	Staff:		Estimated	Staff:
	Amount	Years	Amount	Years		Amount	Years
1. Secretary....	\$1,684,763:	23:	\$1,943,000:	22:	+339,000	\$2,282,000:	22
Farm/Export :	:	:	:	:	:	:	:
Prog. Plan..:	395,000:	--:	--:	--:	--	--:	-
Investigate :	:	:	:	:	:	:	:
Foreign Comp:	395,000:	--:	--:	--:	--	--:	-
2. Deputy :	:	:	:	:	:	:	:
Secretary....	386,221:	4:	477,000:	5:	+66,000	543,000:	5
3. Under/Asst. :	:	:	:	:	:	:	:
Secretaries..:	:	:	:	:	:	:	:
ADM.....:	460,583:	6:	544,000:	6:	+114,000	658,000:	6
CR.....:	937,249:	15:	1,095,000:	15:	+215,000	1,310,000:	15
ECON.....:	437,365:	5:	529,000:	5:	+51,000	580,000:	5
S/E.....:	422,244:	5:	512,000:	5:	+48,000	560,000:	5
MIS.....:	416,883:	5:	497,000:	5:	+53,000	550,000:	5
IACP.....:	400,182:	7:	506,000:	5:	+234,000	740,000:	7
SCRD.....:	401,976:	6:	530,000:	5:	+191,000	721,000:	7
NRE.....:	369,230:	4:	520,000:	5:	+43,000	563,000:	5
FCS.....:	399,641:	5:	485,000:	5:	+89,000	574,000:	5
Unobligated :	:	:	:	:	:	:	:
balance.....:	207,663:	--:	--:	--:	--	--:	--
Total available :	:	:	:	:	:	:	:
or estimated....:	7,314,000:	86:	7,638,000:	83:	+1,443,000(1)	9,081,000:	87
Transfer from...:	:	:	:	:	:	:	:
Office of :	:	:	:	:	:	:	:
Public Affairs..:	-542,000:	-10:	:	:	:	:	:
Transfer to.....:	:	:	:	:	:	:	:
Office of :	:	:	:	:	:	:	:
Public Affairs..:	+30,000:	:	:	:	:	:	:
Total, Appropri-	:	:	:	:	:	:	:
ations.....:	6,802,000:	76:	:	:	:	:	:

EXPLANATION OF PROGRAM

The Office of the Secretary, Deputy Secretary, Under Secretaries, Assistant Secretaries and their immediate staffs, provide policy and guidance for the Department and maintain relationships with agricultural organizations and others in the development of farm programs.

The Office of the Secretary also oversees special projects that are conducted at the behest of the Congress. These projects include short-term studies, investigations, and research on matters affecting agriculture or the agricultural community. Usually, specific appropriations are provided to carry out these projects. Projects results are reported to the appropriate Congressional committees.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net increase of \$1,443,000 consisting of:

- (a) An increase of \$377,000 for four additional staff years and related costs, as well as two non-ceiling staff years. The ceiling staff years are for the offices of the Under Secretaries. The non-ceiling staff years will be located throughout the Office of the Secretary.

Need for Change. Two additional staff years are proposed for the Office of the Under Secretary for Small Community and Rural Development to enable that office to work with the State Food and Agriculture Councils on rural development issues. They also will enable that office to coordinate rural development activities with other Federal Departments, State and local departments and other interested organizations, including rural development public interest groups (\$154,000).

Two additional staff years are proposed for the Office of the Under Secretary for International Affairs and Commodity Programs to enable that office to focus additional efforts on agricultural trade and the opening of foreign markets to America's agricultural products (\$154,000).

The two non-ceiling staff years will be used for students participating in the Cooperative Education Program (\$69,000). These students will serve as administrative or management interns. Although funding for these interns has been shown in the Office of the Assistant Secretary for Administration, they will work with several offices within the Office of the Secretary.

Nature of Change. This proposal will increase ceiling staff years by four, non-ceiling staff years by two, and related funding.

- (b) An increase of \$409,000 for increased operating costs.

Need for Change. These funds will help the Secretary, the Deputy Secretary, Under and Assistant Secretaries to meet rising operating costs, with no diminution in previous levels of operation.

Nature of Change. This increase will cover costs associated with foreign and domestic trips involving national and international agricultural policy; increased printing and communication concerning current or future agricultural policies; anticipated household moves; supplies, ADP and office equipment, maintenance agreements, and other miscellaneous items of expense. The breakout of this increase by office is:

Immediate Office	\$132,000
Deputy Secretary	29,000
Administration	13,000
Congressional Relations	45,000
Economics	17,000
Science & Education	16,000
Marketing & Inspection	15,000
International Affairs	55,000
Small Community	15,000
Natural Resources	20,000
Food & Consumer	<u>52,000</u>

Total	\$409,000
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- (c) A total increase of \$657,000 consisting of \$287,000 for the annualization of the 1991 pay raise and \$370,000 for the 1992 pay raise.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1990, and estimated 1991 and 1992

	<u>1990</u>		<u>1991</u>		<u>1992</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
Washington, D. C.	\$7,106,337	86	\$7,638,000	83	\$9,081,000	87
Unobligated Balance	<u>207,633</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Available or Estimate	<u>\$7,314,000</u>	<u>86y</u>	<u>\$7,638,000</u>	<u>83</u>	<u>\$9,081,000</u>	<u>87</u>

Passenger Motor Vehicles

The 1992 Budget Estimates propose no additional or replacement passenger motor vehicles.

Three vehicles are rented on an annual basis. One each is for use by the Secretary of Agriculture and the Deputy Secretary. The third vehicle is used for delivery of materials between the Department and the Congress.

DEPARTMENTAL ADMINISTRATION

Purpose Statement

This appropriation funds the Departmental Staff Offices that report to the Assistant Secretary for Administration. These Offices provide staff support to the top policy officials of the Department and overall direction and coordination to the work of USDA's program agencies to ensure the efficient and effective management and operation of the Department.

- The Office of Personnel provides direction and leadership in formulating and issuing Department policy, standards, rules, and regulations relating to personnel. It develops and implements personnel management plans and programs responsive to the Department's needs. In addition, it provides day-to-day operating personnel services to the Office of the Secretary and Departmental Staff Offices, as well as to certain non-USDA agencies on a cross-servicing basis.
- The Office of Finance and Management provides leadership in developing and evaluating programs in finance, accounting, travel, management control, Federal assistance, management and productivity improvement, metrication, audit follow-up and final action, and occupational safety and health. In addition, it provides budget, accounting and fiscal services to the Office of the Secretary and Departmental Staff Offices.
- The Office of Operations provides leadership, oversight, and policy development in the areas of real and personal property, procurement, contracts, motor vehicles, and supply. It also provides procurement, contracting, and other administrative service support to the Office of the Secretary, Departmental Staff offices, and Departmental agencies.
- The Office of Information Resources Management develops and disseminates Departmental standards, guidelines, rules, and regulations to implement approved Information Resources Management (IRM) principles, policies, and programs that improve the operational effectiveness of USDA's programs. It also provides for long range IRM planning for the Department, guides the IRM planning of USDA agencies and reviews, monitors and oversees major agency and Departmental IRM programs. In addition, it provides telecommunications and ADP services to USDA agencies and Staff Offices.
- The Office of Advocacy and Enterprise provides overall guidance, leadership, and coordination for the Department's programs for equal opportunity and civil rights. It is responsible for the implementation and administration of programs under Sections 8 and 15 of the Small Business Act, and directs and monitors compliance in promoting full and open competition in procurement. It also directs the Department's efforts to further the participation of minority colleges and universities in USDA programs.
- The Office of Administrative Law Judges/Judicial Officer is responsible for conducting regulatory hearings and deciding issues arising under the Administrative Procedure Act. The Administrative Law Judges hold rulemaking and adjudicatory hearings and issue initial decisions and orders; the Judicial Officer serves as final deciding officer in regulatory proceedings.

Until fiscal year 1990, this account also funded the functions and activities of the the Office of Budget and Program Analysis, which reports to the Secretary of Agriculture. In fiscal year 1990, the Congress enacted a separate appropriation for this office and it is now presented separately in these Notes.

Not all Administrative Staff Office activities are financed from direct appropriations. The following activities are financed through the Departmental Working Capital Fund or from reimbursements from the USDA agencies.

Working Capital Fund Activities: The Department's Staff Offices provide the following central services that are currently financed under the Department's Working Capital Fund (7 U.S.C. 2235) to USDA's agencies.

-- The Office of Finance and Management provides central accounting operations and financial reporting, payroll, voucher payments, and billings and collections services.

-- The Office of Operations provides central services for supplies, reproduction and copier services, mail collection and delivery, mailing lists, forms distribution, central shipping and receiving, excess property control, executive correspondence control, the Imprest Fund, and an automated contract system.

-- The Office of Information Resource Management provides centralized computer services and centralized telecommunications services.

A detailed explanation of these activities is presented in the Working Capital Fund section.

Reimbursable Activities. Travel and printing for the Administrative Law Judges, miscellaneous details, selected short-term activities, as well as reimbursements for administrative, operational support to Working Capital Fund activities are included in this area.

Geographic Location. The majority of the Staff Offices are located in Washington, D.C. Central services financed through the Working Capital Fund are provided by the National Finance Center located in New Orleans, Louisiana and by the Department's computer centers located in Kansas City, Missouri and Fort Collins, Colorado, and by other administrative service units located in the Washington Metropolitan area.

As of September 30, 1990, there were 2,119 employees, of which 1,961 were full-time and 158 were other than full-time permanent employees in the Staff Offices included under Departmental Administration. Of these, 573 were full-time permanent full-time and 38 other than full-time permanent employees located in Washington, D.C. and 1,388 full-time permanent and 120 other than full-time permanent were in the field.

DEPARTMENTAL ADMINISTRATION

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

Item	1990		1991		1992	
	Actual		Estimated		Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Direct Appropriation...	\$22,022,000	348	\$23,052,000	396	\$26,563,000	414
Obligations Under Other:						
USDA Appropriations:						
Farm Credit Assistance:	7,794	--	8,000	--	9,000	--
Mine Safety Board.....	21,864	--	26,000	--	26,000	--
Department of Commerce:	20,000	--	25,000	--	25,000	--
Motor Vehicle Manag. ..	74,201	--	--	--	--	--
FmHA ADP/IRM.....	48,620	--	--	--	--	--
Office of Admin. Law :						
Judges.....	48,249	--	88,000	--	88,000	--
Miscell. Detail.....	163,983	--	76,000	--	80,000	--
Subtotal.....	384,711	--	223,000	--	228,000	--
Management Support						
Services provided to :						
WCF Activities.....	3,629,289	73	3,879,000	75	4,080,000	75
Total Reimbursements...	4,014,000	73	4,102,000	75	4,308,000	75
Working Capital Fund						
Supply and Other :						
Central Services.....	13,998,000	170	15,013,000	169	15,078,000	170
OFM Finance Center.....	73,871,000	1,301	81,040,000	1,336	90,687,000	1,443
ADP Services.....	41,799,000	189	45,495,000	200	39,618,000	197
Purchase of Equipment..	15,774,000	--	16,529,000	--	21,154,000	--
Subtotal, Working						
Capital Fund.....	145,442,000	1,660	158,077,000	1,705	166,537,000	1,810
Total, Other						
Appropriations.....	149,456,000	1,730	162,179,000	1,780	170,845,000	1,885
Total, Departmental						
Administration.....	171,478,000	2,081	185,231,000	2,176	197,408,000	2,299

Full-time Equivalent Staff-Years:	1990 <u>Actual</u>	1991 <u>Estimated</u>	1992 <u>Estimated</u>
Ceiling.....	2,081	2,176	2,299
Non-Ceiling.....	50	64	71
Total.....	<u>2,131</u>	<u>2,240</u>	<u>2,370</u>

DEPARTMENTAL ADMINISTRATION

Permanent Positions by Grade and Staff-Year Summary

1990 and Estimated 1991 and 1992

Grade	1990			1991			1992		
	HDQTRS	FIELD	TOTAL	HDQTRS	FIELD	TOTAL	HDQTRS	FIELD	TOTAL
ES-6.....	4	--	4	4	--	4	4	--	4
ES-5.....	4	3	7	4	3	7	4	3	7
ES-4.....	1	2	3	1	2	3	1	2	3
ES-3.....	3	2	5	3	2	5	3	3	6
ES-2.....	--	--	--	--	--	--	--	--	--
ES-1.....	1	2	3	--	1	1	--	1	1
GS/GM-17...	2	--	2	2	--	2	2	--	2
GS/GM-16...	4	--	4	4	--	4	5	--	5
GS/GM-15...	35	13	48	35	12	47	34	13	47
GS/GM-14...	82	51	133	85	55	140	89	56	145
GS/GM-13...	127	113	240	134	128	262	144	125	269
GS-12.....	34	189	223	36	254	290	44	297	341
GS-11.....	20	152	172	25	219	244	24	245	269
GS-10.....	1	10	11	1	16	17	2	16	18
GS-9.....	31	99	130	40	70	110	45	72	117
GS-8.....	16	41	57	19	38	57	21	38	59
GS-7.....	52	118	170	64	122	186	58	131	189
GS-6.....	21	164	185	44	150	194	22	164	186
GS-5.....	28	230	258	37	269	306	38	273	311
GS-4.....	42	112	154	53	96	149	49	98	147
GS-3.....	21	62	83	23	49	72	21	52	73
GS-2.....	10	12	22	11	11	22	11	11	22
GS-1.....	5	--	5	8	0	8	8	0	8
Upgraded Positions...	29	13	42	30	23	53	30	23	53
Unfilled Positions...	--	--	--	--	--	--	--	--	--
end-of-year:	573	1,388	1,961	663	1,520	2,183	659	1,623	2,282
Total Perm. Employment, end-of-year:	573	1,388	1,961	663	1,520	2,183	659	1,623	2,282
Staff-Years:	596	1,485	2,081	664	1,512	2,176	664	1,635	2,299
Ceiling...	596	1,485	2,081	664	1,512	2,176	664	1,635	2,299
Non-ceiling:	1	49	50	3	61	64	3	68	71
TOTAL	597	1,534	2,131	667	1,573	2,240	667	1,700	2,370

DEPARTMENTAL ADMINISTRATION

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters	\$15,291,772	\$16,667,000	\$19,311,000
11 Total personnel compensation	15,291,772	16,667,000	19,311,000
12 Personnel Benefits.....	2,135,264	2,323,000	2,720,000
13 Benefits for former personnel.....	<u>13,448</u>	<u>13,000</u>	<u>14,000</u>
Total pers. comp. & benefits..	17,440,484	19,003,000	22,045,000
Other Objects:			
21 Travel.....	295,566	197,000	317,000
22 Transportation of things....	12,901	8,000	7,000
23.2 Rental payments to others...	5,929	--	--
23.3 Communications, utilities, and misc. charges.....	932,189	984,000	983,000
24 Printing.....	258,464	260,000	301,000
25 Other services.....	2,085,579	1,984,000	2,106,000
26 Supplies and materials.....	346,088	322,000	355,000
31 Equipment.....	303,506	194,000	349,000
41 Grants, Subsidies and Contributions.....	<u>--</u>	<u>100,000</u>	<u>100,000</u>
Total other objects.....	<u>4,240,218</u>	<u>4,049,000</u>	<u>4,518,000</u>
Total direct obligations.....	<u>21,680,702</u>	<u>23,052,000</u>	<u>26,563,000</u>

Position Data:

Average Salary, ES positions.....	\$76,998	\$94,185	\$106,764
Average Salary, GM/GS position...	\$42,706	\$42,978	\$45,588
Average Grade, GM/GS positions...	12.7	12.5	12.6

DEPARTMENTAL ADMINISTRATION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Departmental Administration

For Personnel, Finance and Management, Operations, Information Resources Management, Advocacy and Enterprise, and Administrative Law Judges and Judicial Officer, [22,053,000] 26,513,000; and in addition, for payment of the USDA share of National Communications System, 50,000; making a total of [\$23,052,000] \$26,563,000 for Departmental Administration to provide for necessary expenses for management support services to offices of the Department of Agriculture and for general administration and emergency preparedness of the Department of Agriculture, repairs and alterations, and other miscellaneous supplies and expenses not otherwise provided for and necessary for the practical and efficient work of the Department of Agriculture, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed \$10,000 is for employment under 5 U.S.C. 3109: Provided, That this appropriation shall be reimbursed from applicable appropriations in this Act for travel expenses incident to the holding of hearings as required by 5 U.S.C. 551-558.

DEPARTMENTAL ADMINISTRATION

Appropriation Act, 1991.....	\$23,052,000
Budget Estimate, 1992.....	<u>26,563,000</u>
Increase in Appropriation.....	<u>+3,511,000</u>

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Personnel.....	\$6,388,000	+\$461,000	+\$450,000	\$7,299,000
Finance and Management.....	4,070,000	+301,000	+550,000	4,921,000
Operations.....	2,875,000	+214,000	+193,000	3,282,000
Information Resources Management..	5,027,000	+321,000	+266,000	5,614,000
Advocacy and Enterprise.....	3,281,000	+248,000	+290,000	3,819,000
Administrative Law Judges and Judicial Officer.....	1,361,000	+98,000	+119,000	1,578,000
National Communications System.....	<u>50,000</u>	<u>--</u>	<u>--</u>	<u>50,000</u>
Total Available.....	<u>23,052,000</u>	<u>+1,643,000</u>	<u>+1,868,000</u>	<u>26,563,000</u>

PROJECT STATEMENT
(on basis of appropriation)

<u>Item of Change</u>	<u>1990</u>		<u>1991</u>		<u>Increase or Decrease</u>	<u>1992</u>	
	<u>Actual</u>	<u>Staff:</u>	<u>Estimated</u>	<u>Staff:</u>		<u>Estimated</u>	<u>Staff</u>
	<u>Amount</u>	<u>Years</u>	<u>Amount</u>	<u>Years</u>		<u>Amount</u>	<u>Years</u>
1. Departmental :	:	:	:	:	:	:	:
Staff Offices:	:	:	:	:	:	:	:
a. Personnel...	\$6,093,092:	109:	\$6,388,000:	122:	+\$911,000	\$7,299,000:	126
b. Finance & :	:	:	:	:	:	:	:
Management :	3,704,927:	57:	4,070,000:	69:	+851,000	4,921,000:	75
c. Operations.. :	2,674,387:	50:	2,875,000:	59:	+407,000	3,282,000:	60
d. Information :	:	:	:	:	:	:	:
Resources :	:	:	:	:	:	:	:
Management.. :	4,834,805:	63:	5,027,000:	64:	+587,000	5,614,000:	68
e. Advocacy & :	:	:	:	:	:	:	:
Enterprise.. :	3,055,786:	50:	3,281,000:	58:	+538,000	3,819,000:	61
f. Admin. Law :	:	:	:	:	:	:	:
Judges & :	:	:	:	:	:	:	:
Judicial :	:	:	:	:	:	:	:
Officer.... :	1,317,000:	19:	1,361,000:	24:	+217,000	1,578,000:	24
Subtotal..... :	21,679,997:	348:	23,002,000:	396:	+3,511,000	26,513,000:	414
2. National :	:	:	:	:	:	:	:
Commun. :	:	:	:	:	:	:	:
System..... :	705:	--:	50,000:	--:	--	50,000:	--
Unobligated :	:	:	:	:	:	:	:
balance..... :	341,298:	:	--:	--:	--	--:	--
Total, Appropri- :	:	:	:	:	:	:	:
ation..... :	22,022,000:	348:	23,052,000:	396:	+3,511,000	26,563,000:	414

EXPLANATION OF PROGRAM

This appropriation provides for the following activities:

Personnel - This activity provides general liaison, direction, leadership, coordination and monitoring of the personnel management program in the Department and promulgation of Departmental policies and procedures relating to all personnel functions. Operational services are provided to the Office of the Secretary, Office of the Inspector General, Office of the General Counsel, Office of Public Affairs, Office of Budget and Program Analysis, and the Departmental Administrative Staff Offices. Equal Employment Opportunity under Title 7 of the Civil Rights Act of 1964 is provided to all USDA agencies.

Finance and Management - The activity provides Departmental leadership, development and evaluation of programs in finance, accounting, Federal occupational safety and health, productivity and management improvements. The Director serves as the Department's chief financial officer, management improvement officer and comptroller of the Working Capital Fund. Finance and Management also provides budget, accounting and fiscal operational services to the Office of the Secretary, the Departmental Administrative Staff Offices, Office of the General Counsel, Office of Public Affairs, and the Office of Budget and Program Analysis.

Operations - This activity provides staff and support services to the USDA Agencies in the management of real and personal property, procurement, contracts, supplies, motor vehicles and internal energy conservation. Under an agreement with GSA, it operates and provides maintenance security and services to the Washington, D.C. building complex. The Office of Operations also provides procurement and contract operational services to the Office of the General Counsel, Office of Public Affairs, and the Office of Budget and Program Analysis.

Information Resources Management - This activity designs, implements and revises systems, processes, work methods and techniques to improve the management of information resources and the operational effectiveness of USDA. The Director serves as the Department's clearance officer for statistical reporting and information collection. This activity also provides telecommunications and ADP services to USDA agencies and staff offices through the Fort Collins National Computer Center, and Kansas City National Computer Center. The Office of Information Resources Management also provides, through a Departmental Computer Services Unit, ADP operational services to the Office of the Secretary, the Departmental Administrative Staff Offices, Office of Public Affairs and the Office of Budget and Program Analysis.

Advocacy and Enterprise - This activity provides leadership, and coordination for the Department's programs for Equal Opportunity, Civil Rights and Affirmative action; implementation and administration of Sections 8 and 15 of the Small Business Act; direction of Departmental efforts to further the participation of minority colleges and universities in USDA programs; and direction and monitoring of compliance in promoting full and open competition in procurement.

Administrative Law Judges/Judicial Officer - The Administrative Law Judges hold hearings in connection with prescribing new regulations and orders and on disciplinary complaints filed by the Department or on some petitions filed by private parties asking relief from actions of the Department. Final administrative decisions in regulatory proceedings are rendered by the Judicial Officer.

National Communications System - This activity represents USDA's proportionate share of the cost of developing a nation-wide emergency preparedness telecommunications network established and required by Presidential National Security Decision Directive number 201.

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of \$3,511,000 for Departmental Administration Staff Offices consisting of:

- (a) A total increase of \$1,643,000 for pay costs which includes \$807,000 for annualization of the 1991 pay raise and \$837,000 for the 1992 pay raise.
- (b) An increase of \$1,868,000 of program related increases to the Staff Offices consisting of:

Office of Personnel (OP) - An increase of \$200,000 and 2 staff-years will be used for workforce planning policy development and oversight; an increase of \$80,000 and 1 staff-year will be used to develop a Department-wide recruitment program with a nation-wide network of contacts for minorities and the disabled; and an increase of \$170,000 and 1 staff-year for an Ethics Program will allow the Department to meet its expanded requirements under the Executive Order 12674 of April 12, 1989 and the Ethics Reform Act of 1989.

Need for Change. For some time, demographers have predicted significant changes in the composition of the nation's work force by the Twenty-first century as women, ethnic minorities, racial minorities, and the disabled enter the work force in unprecedented numbers. USDA must move immediately to enhance recruitment and outreach efforts among these groups to assure that it can pursue enlightened farm policies, deliver quality services, and administer farm programs effectively in the next century. Extensive efforts to develop a work force planning frame work for the Department, correct current deficiencies in recruitment of minorities and the disabled, develop outreach and recruitment networks, train managers to build and equip a culturally diverse work force, and monitor recruitment planning efforts of the USDA agencies will be needed.

OP has already received increased demand for oversight and guidance from USDA agencies to interpret the requirements of the new Ethics Reform Act. The Act requires annual filings of Confidential Financial Disclosure forms (AD-392) for 14,000 USDA employees that either make recommendations with ultimate impact on private financial transactions with the Federal government, or have direct authority to make loans and enter into procurement agreements. Another 278 Public Financial Disclosure (SF-278) filings are required for most SES and Schedule C positions. Public financial statement filings are required within 30 days of either entry, or exit of government service. Also, there are strict limits on remuneration for off-the-job activities by employees. More staff is needed to explain the requirements of the Act to agency personnelists, to formulate Department-wide policies and procedures, to review USDA agency and employee compliance, to review alleged violations and to track cases from preliminary investigations to final action. Also, OP must prepare a report on May 15 each year from the Secretary to the Office of Personnel Management and the Congress on the ethics activities of the Department. Failure by employees to file the financial disclosure statements within 30 days of the May 15 report will result in a fine of \$200. All of these activities will require establishment of a new automated tracking and reporting system. As a part of the Department-wide systems integration initiatives, this system will be interactive with USDA agencies' employee personnel systems to track data on financial disclosures statements, record late filing fees, and their prompt payment.

Nature of Change. Increased resources will be used for salary, benefits and operational costs associated with 4 added staff years. Also, resources will be used to acquire added ADP capacity, including modification of ADP software, and increase computer connect time with databases at the OFM Finance Center in New Orleans, and with local databases in other USDA agencies. Some travel is anticipated to review agency activities, to provide training, and to set up and maintain recruitment networks.

Office of Finance and Management (OFM) - An increase of \$240,000 and 2 staff-years will be used to further the Department's plans for integration of financial and administrative systems under the Modernization of the Administrative Process/Administrative Management Systems (MAPS/AIMS); an increase of \$250,000 and 2 staff-years will be used to meet the new financial statement preparation requirements of the Chief Financial Officers (CFO) Act of 1990; and an increase of \$60,000 and 1 staff-year will be used to improve budget and financial services to the Office of the Secretary and the Departmental Staff Offices. One staff-year will be used to provide another occupational health nurse to ensure adequate coverage to the South Building and field health units in the D.C. metropolitan area. Existing funds will cover the staff-year cost of the nurse.

Need for Change. The object of the MAPS/AIMS project is to integrate information systems to provide timely and accurate information to policy officials, program managers and the recipients of Departmental program activities. By making information exchange possible among the various systems, this project will help protect the value of Federal credit and cash programs, guarantee program integrity, and improve the effectiveness of program delivery by USDA's program agencies; thereby improving service delivery. The AIMS portion of the project is designed to convert current, paper-driven administrative processes to electronic, interactive automated ones. This conversion will improve productivity, assure prompt recording of transactions and payments to USDA program recipients and vendors, and will provide information to managers in a more timely manner. Linkages with Departmental mainframe computers must be developed and maintained to facilitate the sharing of information. This project requires extensive planning, coordination, review of existing administrative systems, and training for successful implementation. The objective of integrating information systems cannot be realized without increased staff technical support. The two positions will assist the agencies in carrying out these activities.

The Chief Financial Officers (CFO) Act of 1990 requires USDA, as a pilot agency, to prepare and submit annual financial statements to the Office of Management and Budget and for the completion of financial statement audits three months after the statement due dates. A primary benefit of preparing and reviewing these statements is the information it gives managers and policy makers on the performance of programs, as well as the utilization of resources. The fiscal year 1990 financial statements are due March 31, 1991. During its 2 year audit of fiscal year 1988 financial statements, GAO found that many USDA agencies do not have the experience and level of knowledge needed to prepare the statements using generally accepted Federal accounting principles. The added staff years will provide support to these agencies in preparing their statements and will also work with the Inspector General in resolving audit issues.

Nature of Change. Increased resources will be used for salary, benefits and operational costs associated with 5 of the 6 added staff years. As part of the MAPS/AIMS project, resources will be used to acquire added ADP capacity, computer connect time with central administrative databases at the OFM Finance Center in New Orleans, with other USDA mainframe computers, and with USDA agencies' local databases. The combined financial statement preparation and review process will require automated retrieval of financial data from the OFM Finance Center in New Orleans and other USDA mainframe computers, development of software applications for computer assisted analyses and reviews, and development of training materials for agencies. Some travel will be involved to New Orleans and to agencies' field locations to review financial records, conduct training and resolve audit differences.

Office of Operations (OO) - An increase of \$193,000 and 1 staff-year would allow the Office of Operations to become part of the innovative technology planned for the future by the MAPS/AIMS project and allow for increased computerization of the office's work and electronic linkages with other USDA agencies.

Need for Change. Many of OO's current data base systems for management of space, real property and personal property, valued at millions of dollars, are outdated. As part of Department-wide systems integration initiatives under the MAPS/AIMS project, these systems need to be upgraded and made able to electronically access information from other USDA agencies' subsystems. To accomplish this modernization requires extensive planning, coordination, redesign of existing property management systems, training of agency personnel and increased staff technical support. Also, much of the ADP equipment now in the OO inventory is 5-7 years old, in need of constant repair, and incapable of operating currently available, modern software applications. There is a constant demand for increased services to USDA agencies in the areas of procurement and contracting, personnel service agreements, personal property and space management that require additional ADP resources to maintain productivity.

Nature of Change. Increased resources will be used for salary, benefits and operational costs, including travel, associated with the added staff year to provide technical assistance for the Office of Operation's portion of the MAPS/AIMS project. Approximately \$113,000 will be used to replace obsolete and unrepairable personal computers, expand the memory of existing machines, acquire modern peripheral equipment, and obtain modern software. Computer linkage would be made with the Departmental Local Area Network (LANS) to facilitate communications with other USDA data centers and the OFM Finance Center in New Orleans.

Office of Information Resource Management (OIRM) - An increase of \$100,000 and 2 staff-years will be used for central coordination, review and assessment of the Department's ADP resource acquisitions and application of these resources; an increase of \$66,000 and 1 staff-year will be used for the development of a USDA Strategic Plan; and an increase of \$100,000 and 1 staff-year will be used to provide for increased computer services and the integration of information available to top policy officials of the Department and USDA program managers.

Need for Change. USDA currently spends nearly a billion dollars each year on ADP services. The Department does not have the resources to provide the optimum level of central coordination and evaluation to this major consumption of resources. A well coordinated, strategic planning and evaluation process for Department-wide Information Resources Management (IRM), would enable USDA to realize significant benefits in areas such as procurement, information and technology sharing, training and program delivery. The added staff years will provide general guidance, review and oversight of the agencies' IRM plans, and will develop an USDA strategic plan to help focus agencies in achievement of their ADP objectives.

The General Accounting Office (GAO) has issued reports finding that top policy officials often do not have timely access to information from across the USDA agencies that is needed for effective formulation of farm and agricultural policies. Recipients of USDA program services find they have to provide the same information many times over because of incompatibilities between various agency ADP systems. The increase will provide for standard hardware, software and communications systems across USDA to facilitate this information exchange.

Nature of Change. Increased resources will be used for salary, benefits and operational costs associated with the 4 added staff years. Some travel will be involved to agency field locations for IRM reviews and evaluation, and assessments of ADP operations. Also, resources will be used to acquire added ADP software, pay for increased computer connect time with central databases at the OFM Finance Center in New Orleans, with other USDA mainframe computers, and with

USDA agencies' local databases. This will ensure the timely exchange of information between top policy officials and heads of USDA agencies.

Office of Advocacy and Enterprise (OAE) - An increase of \$170,000 and 2 staff-years would expedite the investigation, processing and resolution of Equal Opportunity Program complaints; an increase of \$100,000 and 1 staff-year would support special emphasis programs designed to reach under-represented minority groups and encourage their participation in agricultural programs; and an increase of \$20,000 would provide small business training that supports increased involvement of women, small and minority contractors.

Need for Change. Delivery of agriculture programs in a manner consistent with Equal Opportunity law and regulations continues to be a volatile issue. Every year the Department receives over 700 complaints of program discrimination. Many of these complaints involve the USDA credit programs and the food programs. For example, the average processing time for an FmHA related complaint is now 380 days. Complaint information is being maintained manually, which further slows the tracking and resolution process, as well as making analysis more difficult. The increased resources would expand and automate the investigation, processing and adjudication process, thereby decreasing average complaint resolution times to the 180 day goal.

The Food, Agriculture, Conservation, and Trade Act of 1990 (1990 Farm Bill) requires the Department to provide outreach and technical assistance to socially and economically disadvantaged farmers and ranchers, and to encourage participation by minorities in agricultural programs. Additional funds are needed to carry out this mandate and to implement a Pilot Educational Farmworker Apprentice Project. Seasonal farm workers will be assisted in obtaining land and trained to become self-sufficient farm owners. Emphasis will be placed on cooperation with USDA agencies to provide socially disadvantaged farmers with technical assistance on farm operations. These efforts will slow the decline in the number of socially disadvantaged farmers, and lower barriers to participation in the agriculture sector.

Enactment of legislation in recent years makes it necessary to train USDA employees at over 250 locations on the provisions of the Business Opportunity Development Reform Act of 1988, the Prompt Payment Act of 1988, the Rural Development Program Act (P.L. 100-159), as well as on USDA procurement goals under the Section 8(a) minority procurement provision of the Small Business Act. This training is needed to assure procurement programs of the Department comply with law by paying minority vendors promptly, and that minority contractors are provided with the information needed for their participation in Departmental contracts.

Nature of Change. Increased resources will be used for salaries, benefits and operational costs associated with the 3 added staff years. Informational materials and training aides will be developed for the apprentice project and for the small business training activity. Some travel will be involved to field locations for coordination of the apprentice project and for small business training.

Office of Administrative Law Judges and Judicial Officer - An increase of \$119,000 will pay salary increases for Administrative Law Judges provided under provisions of the Federal Pay Reform Act of 1990.

Need for Change. The Federal Pay Reform Act requires payment of Administrative Law Judges salaries that range between 65 to 95 percent of level IV (\$108,000) of the Executive Schedule. There is no latitude within this office's funds to absorb an increase of this magnitude. To do so would require extreme actions, e.g., the reduction-in-force of one of the administrative law judges and several other positions at a time of increasing caseloads.

Nature of Change. Law Judges' salaries and benefits would be increased.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1990 and Estimated 1991 and 1992

	<u>1990</u>		<u>1991</u>		<u>1992</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
Washington, D.C.	\$21,680,702	348	\$23,052,000	396	\$26,563,000	414
Unobligated balance	<u>341,298</u>	--	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total, Available or Estimate	<u>22,022,000</u>	<u>348</u>	<u>23,052,000</u>	<u>396</u>	<u>26,563,000</u>	<u>414</u>

WORKING CAPITAL FUND

Purpose Statement

The USDA Working Capital Fund (WCF) was established in legislation appropriating funds to the Department for FY 1944 and by 7 U.S.C. 2235. The WCF is used to finance services provided to USDA and non-USDA agencies on a centralized basis. The costs of providing services to all WCF clients are recovered on the basis of the level of service each client receives. Services to non-USDA agencies reduce the share of fixed costs for WCF-supported services as the number of agencies sharing those costs expands.

Centrally managed operations provide efficient, economical services through economies of scale, extensive management attention, and high-level, regular fund control reviews. The benefits to all users are reflected in cost avoidances for administrative and support services. The Director, Office of Finance and Management (OFM), serves as WCF Comptroller, serving to monitor and supervise fund management activities. Four USDA agencies: OFM, the Office of Operations (OO), the Office of Public Affairs (OPA), and the Office of Information Resources Management (OIRM) manage activities supported by the Fund. All activities (except those under OPA) are under the direct supervision of the Assistant Secretary for Administration. OPA activities are supervised by the Director, Office of Public Affairs.

OFM manages the National Finance Center (NFC), which provides financial and administrative services to USDA agencies and more than 30 non-USDA entities. NFC will employ 1,443 FTE's in FY 1992 to manage more than 20 systems. Of this total, 885 FTE's will be devoted to service to USDA agencies, while 558 FTE's will support non-USDA activities. All FTE's will be located in New Orleans, Louisiana, except for 8 FTE's involved in activity support in Washington D.C.

OPA manages 2 WCF activities -- Video and Teleconferencing Services (V/T), and Design Center. V/T provides video production services to USDA agencies, and studio and production facilities for teleconferences in which USDA agencies participate. Design Center provides USDA agencies with exhibit design and visitor center support services. Each activity center employs 13 FTE's (a total of 26 FTE's for OPA), all in Washington, D.C.

OIRM manages 5 activity centers. The National Computer Centers in Kansas City, Missouri; and Fort Collins, Colorado, provide mainframe computing services, ADP training, software/system development, and other ADP services to USDA agencies and a small number of non-USDA entities. The Computer Services Unit provides comprehensive ADP services to the Office of the Secretary and Departmental staff offices. Telecommunications services are administered by the Telephone Services Operation, responsible for equipment and telephone system maintenance, and Local Area Network, which manages the local area network system serving the Headquarters buildings complex. Of the 197 FTE's to be employed by OIRM's WCF activity centers in FY 1992, 46 will be located in Fort Collins, Colorado; 142 will be located in Kansas City, Missouri; and the remainder in Washington, D.C.

OO provides personal property management, mail and reproduction management, and executive support services through 11 activity centers. Central Supply-Stores and Central Supply-Forms provide centralized supply and forms management, as well as warehousing and inventory services. Central Excess Property Operation provides Departmental agencies with excess and surplus property disposition services in addition to furniture rehabilitation services. Central Mail Unit, Copier Service, Duplicating Unit, and Automated Mailing List Service furnish USDA agencies with door-to-door mail pick up and delivery services, walk up and short order copier services, special order duplicating services, and updating and maintenance of the various Departmental mailing lists. Through the Executive Correspondence and Records, Central Imprest Fund, and Agriculture Contract Automation System, a variety of executive support services are provided. Among these include correspondence routing and tracking, cash disbursement for small purchases and travel, and maintenance of a procurement language software system. Of the 170 FTE's OO will employ in FY 1992, all will be located in Washington, D.C., except for the 10 FTE's employed at the Central Supply-Forms warehouse facility in Landover, Maryland.

WORKING CAPITAL FUND

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters	\$5,469,000	\$5,746,000	\$6,046,000
Field	<u>45,573,000</u>	<u>50,064,000</u>	<u>55,460,000</u>
11 Total personnel compensation . .	51,042,000	55,810,000	61,506,000
12 Personnel benefits	7,465,000	8,146,000	9,094,000
13 Benefits for former personnel . . .	<u>124,000</u>	<u>112,000</u>	<u>117,000</u>
Total pers. comp. & benefits	<u>58,631,000</u>	<u>64,068,000</u>	<u>70,717,000</u>
Other Objects:			
21 Travel	1,106,000	1,096,000	1,069,000
22 Transportation of things	259,000	329,000	307,000
23.1 Building rental	3,628,000	5,339,000	5,785,000
23.2 Communications, utilities, and misc. charges . .	23,958,000	26,991,000	25,779,000
24 Printing and reproduction	2,149,000	864,000	797,000
25 Other services	37,501,000	39,916,000	38,672,000
26 Supplies and materials	6,243,000	6,337,000	5,836,000
31 Equipment	15,970,000	17,349,000	21,887,000
43 Interest and dividends	<u>10,000</u>	<u>2,000</u>	<u>2,000</u>
Total other objects	<u>90,824,000</u>	<u>98,223,000</u>	<u>100,134,000</u>
Total	<u>149,455,000</u>	<u>162,291,000</u>	<u>170,851,000</u>

Position Data:

Average Salary, ES positions	\$78,100	\$94,800	\$98,800
Average Salary, GM/GS positions	\$26,434	\$28,123	\$29,221
Average Grade, GM/GS positions	8.1	8.5	8.6

WORKING CAPITAL FUNDAppropriation:

Appropriations Act, 1991	\$3,750,000
Budget Estimate, 1992	0
Decrease in Appropriation	<u>-3,750,000</u>

Program Activity:

Operating Estimate, 1991	\$145,500,000
Budget Estimate, 1992	<u>149,446,000</u>
Increase Over 1991	<u>+3,946,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Capitalization of the Fund ..	<u>\$3,750,000</u>	<u>-\$3,750,000</u>	<u>0</u>

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$3,750,000 for the capitalization of the Fund.

Need for Change. In FY 1985 USDA and the Congress began a multi-year effort to recapitalize the Fund. The multi-year program, which enabled the Fund to finance large-scale acquisitions of data processing equipment needed to support agencies in program management and service delivery, concluded in FY 1991.

Nature of Change. The FY 1991 resources completed funding of the recapitalization initiative. Recovery of asset acquisition costs through accumulated depreciation is sufficient to sustain purchases of additional assets for the foreseeable future, given expected demand for ADP services.

PROJECT STATEMENT

(On basis of program activity)

Project	: 1990	: 1991 (Estimated):	Increase	: 1992 (Estimated):
	: Staff:	: Staff:	or	: Staff:
	: Amount	: Amount	Decrease	: Amount
	: Years:	: Years:		: Years:
1. Capitalization	:	:	:	:
of the Fund	: \$0:	: \$3,750,000:	: -\$3,750,000:	: \$0:
Total	: 0:	: 3,750,000:	: -3,750,000:	: 0:

EXPLANATION OF PROGRAM

The appropriation for the Working Capital Fund was undertaken to support efforts to recapitalize the Fund activities identified in the Appropriations Act of 1944 and 7 U.S.C. 2235, and approved by the Director, Office of Management and Budget. The activities carried out under the appropriation included the purchase of large-scale ADP assets needed to insure that the computing, financial systems, and administrative systems processing needs of USDA agencies were, and continue to be, adequately met.

SUMMARY OF INCREASES AND DECREASES
(Program Activity)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
1. Supply and Other Central Services . . .	\$15,013,000	+\$65,000	\$15,078,000
Central Supply Stores	1,876,000	+53,000	1,929,000
Central Supply Forms	2,763,000	-131,000	2,632,000
Mail Distr. Service	2,720,000	+109,000	2,829,000
Exec. Corr. & Rec'ds.	528,000	+19,000	547,000
Agri. Cont. Auto. Sys.	226,000	+8,000	234,000
Central Ship. & Rec.	374,000	+13,000	387,000
Cent. Excess Prop. Oper.	1,600,000	0	1,600,000
Cent. Imprest Fund	146,000	+7,000	153,000
Cop./Dupl. Center	4,780,000	-13,000	4,767,000
2. Video & Telecon., and Vis. Design Svcs . . .	3,952,000	+111,000	4,063,000
Video and Teleconf.	1,472,000	+67,000	1,539,000
Visual Design Svcs.	2,480,000	+44,000	2,524,000
3. National Finance Ctr . .	81,040,000	+9,647,000	90,687,000
4. ADP Services	45,495,000	-5,877,000	39,618,000
NCC/Ft. Collins	9,610,000	-2,006,000	7,604,000
NCC/Kansas City	32,901,000	-3,898,000	29,003,000
Computer Services Unit	1,349,000	+68,000	1,417,000
Telephone Service Oper.	900,000	0	900,000
Local Area Network	<u>735,000</u>	<u>-41,000</u>	<u>694,000</u>
Total Recurring Operations	145,500,000	+3,946,000	149,446,000
Capital Equipment Acquisitions	<u>16,791,000</u>	<u>+4,614,000</u>	<u>21,405,000</u>
Total	<u>\$162,291,000</u>	<u>\$8,560,000</u>	<u>\$170,851,000</u>

PROJECT STATEMENT
(On basis of program activity)

Project	1990		1991 (Estimated)		Increase or Decrease	1992 (Estimated)	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
1. Suppl. & Other							
Cent. Svc. . . .	\$13,998,000	170	\$15,013,000	171	+\$65,000 (1)	\$15,078,000	172
Cent. Suppl. Stores	2,067,000	7	1,876,000	8	+53,000	1,929,000	8
Cent. Suppl. Forms	2,580,000	14	2,763,000	10	-131,000	2,632,000	10
Mail Distr. Service	2,709,000	82	2,720,000	80	+109,000	2,829,000	80
Exec. Corr. & Rec.	495,000	11	528,000	12	+19,000	547,000	12
AGCAS	165,000	2	226,000	0	+8,000	234,000	0
Cent. Ship. & Rec.	341,000	1	374,000	1	+13,000	387,000	1
Cent. Excess Prop.	1,588,000	10	1,600,000	11	0	1,600,000	12
Cent. Imprest Fund	102,000	3	146,000	5	+7,000	153,000	5
Cop./Dupl. Center	3,951,000	40	4,780,000	42	-13,000	4,767,000	42
2. Video & Telecon., and Visual Design Services	3,826,000	26	3,952,000	26	+111,000 (2)	4,063,000	26
Video & Teleconf. Design Center	1,624,000	13	1,472,000	13	+67,000	1,539,000	13
	2,202,000	13	2,480,000	13	+44,000	2,524,000	13
3. Office of Finance and Management	73,871,000	1,301	81,040,000	1,336	+9,647,000 (3)	90,687,000	1,443
4. ADP Services . .	41,799,000	189	45,495,000	200	-5,877,000 (4)	39,618,000	197
NCC/Ft. Collins	7,730,000	61	9,610,000	37	-2,006,000	7,604,000	46
NCC/Kansas City	31,443,000	119	32,901,000	154	-3,898,000	29,003,000	142
Comp. Svcs. Unit	1,170,000	9	1,349,000	9	+68,000	1,417,000	9
Tele. Svc. Oper.	806,000	0	900,000	0	0	900,000	0
Local Area Network	650,000	0	735,000	0	-41,000	694,000	0
Total Recur. Oper.	133,494,000	1,686	145,500,000	1,731	+3,946,000	149,446,000	1,836
Cap. Equip. Acquis.	15,961,000	0	16,791,000	0	+4,614,000 (5)	21,405,000	0
Total	149,455,000	1,686	162,291,000	1,731	+8,560,000	170,851,000	1,836

FUNDING FROM NON-USDA AGENCIES
(On basis of program activity)

Project	1990		1991 (Estimated)		Increase or Decrease	1992 (Estimated)	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
1. Suppl. & Other							
Cent. Svc. . . .	\$1,317,000	0	\$1,394,000	2	-\$49,000	\$1,345,000	2
2. Video & Telecon., and Visual Design Services	39,000	0	44,000	0	+2,000	46,000	0
3. Office of Finance & Management . .	24,994,000	414	32,462,000	439	+11,084,000	43,546,000	558
4. ADP Services . .	88,000	0	57,000	0	-1,000	56,000	0
Total	26,438,000	414	33,957,000	441	+11,036,000	44,993,000	560

WORKING CAPITAL FUND

Explanation of Program

Authorized under Public Law 78-129, making appropriations to USDA for FY 1944 (7 U.S.C. 2235), the USDA Working Capital Fund finances services provided to USDA agencies on a centralized basis. Under the law, only activities approved by the Director of the Office of Management and Budget (OMB) may be carried out under the Fund. Centralization is recommended by the Department and approved by OMB when:

- Centralization will result in cost savings due to:
 - Economies of scale
 - Reduced overhead
 - Central cost-based management
 - Coordination which avoids duplication of effort among agencies
- Centralization offers other advantages such as:
 - Improved services to agencies and to the public
 - Availability of services to agencies which could not afford them except on a centralized basis
 - Ability to replace equipment on a long-term basis through the use of depreciation charges to users

The Fund received an initial appropriation of \$400,000 for FY 1944. Over the years, additional working capital has been made available through initial transfers into the Fund of activities meeting the above criteria and through Congressional authorizations to receive growth capital from serviced USDA agencies. For FY 1991 the Fund received an appropriation of \$3,750,000 for capital procurement. These are being used to purchase new or currently leased equipment for Fund activity centers to provide requested services to agencies of the Department. This investment will avoid lease costs over the useful life of the equipment and result in lower unit costs for central services provided to these users.

WCF operations are financed by charging user agencies the actual costs of providing required services. The following are services financed through the Fund:

Supply and Other Central Services. The Office of Operations manages the following services under this category: (a) central supply, which provides for the acquisition, receipt, storage, issuance, packing, and shipment of office and other supplies, blank forms, and miscellaneous materials for the Department and other Government agencies; (b) central mail services, which include operation of the USDA mail processing, messenger, and automated mailing list services; (c) executive correspondence and records system, which provides referral and correspondence control services for mail addressed to the Secretary, the immediate Office of the Secretary, and the Department; (d) central excess property, which coordinates receipt, rehabilitation, and distribution of personal property for the Department and other Government agencies; (e) central shipping and receiving services; (f) central imprest fund, which provides cash advances for small purchases and travel; (g) automated contract system used by agencies and staff offices to prepare procurement documents; and (h) copier and duplicating services which provide duplicating, reproducing, binding, addressing and mailing, and short-order and walk-up copier stations for duplicating and xerographic production.

Video and Teleconferencing, & Visual Design Services. These activities, managed by the Office of Public Affairs plan, design, and produce visual information materials, exhibits, art, and graphics materials for the Department and other Government agencies.

Administrative Payments and Accounting Services. This activity is operated in the Office of Finance and Management by the National Finance Center in New Orleans, Louisiana. It designs, develops, implements, and operates centralized administrative systems for the Department. Centralized payroll, personnel, voucher and vendor payments, billings and collections, property management, accounting operations, and financial recordkeeping systems are currently provided. It also produces external financial reports to Treasury and other agencies, and internal management reports for Departmental agencies. In addition, the National Finance Center provides financial and accounting operations services to a number of other Federal Departments through "cross-servicing" agreements and serves as recordkeeper for the Thrift Savings Plan System under the Federal Employee Retirement System.

Automated Data Processing (ADP) Services. This activity in the Office of Information Resources Management operates the National Computer Centers in Fort Collins, Colorado; and Kansas City, Missouri, to provide ADP services to USDA and other agencies. The Computer Services Unit, which provides ADP services to Departmental Staff Offices and the Office of the Secretary; the Telephone Service Operation office, which coordinates the maintenance and operation of telephone equipment for Washington-area USDA offices; and the Local Area Network office, which provides telecommunications service and support for Washington-area USDA offices, are also managed by the Office of Information Resources Management.

JUSTIFICATION OF INCREASES AND DECREASES

Centralized administrative services enable users to receive high-quality services at the lowest possible cost of operation. Operating services in this manner has resulted in a trend toward minimizing unit costs (measured in constant dollars) for recurring operations in recent years. Expectations of further progress in minimizing unit costs, as well as expected increases in USDA and non-USDA demand for Fund-supported services serve as the basis for the FY 1991 revised and FY 1992 initial Working Capital Fund (WCF) cost estimates.

Centralized administrative services are subject to regular oversight consistent with both Administration management initiatives and Departmental productivity improvement activities. This oversight is undertaken to determine whether these activities should continue as centrally managed services and offers Departmental management analyses of alternative operating methods. Enhanced productivity and cost-effectiveness result. The results of such oversight exercised in FY 1990 are reflected in the revised FY 1991 and initial FY 1992 cost estimates provided. As regular oversight is conducted, these estimates may be adjusted significantly, subject to review and approval by Departmental management.

The following is an explanation of program activity changes from FY 1991 to FY 1992 currently anticipated.

(1) An increase of \$65,000 for recurring operations of Supply and Other Central Services consisting of:

Central Supply Stores	+\$53,000
Central Supply Forms	-131,000
Mail Distribution Service	+109,000
Executive Correspondence and Records	+19,000
Agriculture Contract Automation System	+8,000
Central Shipping and Receiving	+13,000
Central Excess Property Operation	0
Central Imprest Fund	+7,000
Copier/Duplication Center	-13,000
Total	+\$65,000

Need for Change. Cost increases in this area are, for the most part, inflationary. The reduction in Central Supply Forms reflects a marginal decrease in expected demand for forms warehousing services.

Nature of Change. The decrease in Central Supply Forms is due to a marginal decrease in expected demand for services among non-USDA users. The Copier/Duplicating reduction is equipment-related. Cost increases in other activity centers in this area are inflationary.

- (2) An increase of \$111,000 for recurring operations of Video and Teleconferencing, and Visual Design Services consisting of:

Video and Teleconferencing Services	+\$67,000
Design Services	+44,000
Total	+\$111,000

Need for Change. Cost increases for both centers in this area are due primarily to inflation, with smaller increases resulting from increased equipment costs.

Nature of Change. Non-inflationary cost increases reflect increases in depreciation costs. These costs result from acquisitions to replace functionally unreliable and technologically inferior equipment.

- (3) An increase of \$9,647,000 for recurring operations of the Office of Finance and Management's National Finance Center (OFM/NFC).

Need for Change. Cost increases for services provided by the OFM/NFC are due to inflationary increases and expected demand increases of about 18 percent above FY 1991 transaction volumes.

Nature of Change. Non-inflationary cost increases at the OFM/NFC reflect costs for additional personnel, needed to meet increased non-USDA demand for services, and equipment expenses (purchase and rental of equipment, maintenance, software support, etc.) related to mainframe computer equipment needed to process expected increases in total workload volume.

- (4) A net decrease of \$5,877,000 for recurring operations of ADP systems consisting of:

National Computer Center/Fort Collins	-\$2,006,000
National Computer Center/Kansas City	-3,898,000
Computer Services Unit	+68,000
Telephone Service Operations	+0
Local Area Network	-41,000
Total	-\$5,877,000

Need for Change. Cost increases for the Computer Services Unit are inflationary. Reductions at the National Computer Centers in Fort Collins and Kansas City reflect adjustments to estimates in demand and lower production costs. Reductions in Local Area Network costs are due to lower service-related costs in FY 1991. Increases in the Computer Services Unit are inflationary.

Nature of Change. Reductions in costs at the National Computer Center/Fort Collins are primarily in supplies, building rental, and other services, all of which reflect changes in demand estimates. Lower National Computer Center/Kansas City costs are due to reduced estimates for equipment rentals, personnel, travel, and transportation, with some offsetting increases in depreciation. Reductions in Local Area Network costs are due to lower contract costs.

- (5) An expenditure of \$21,405,000 for capital acquisitions in FY 1992 (\$16,791,000 in FY 1991):

- (a) Capital acquisitions for Supply and Other Central Services of \$1,331,000.

Central Supply Stores	\$3,000
Central Supply Forms	45,000
Mail Distribution Service	96,000
Executive Correspondence and Records	0
Agriculture Contract Auto. System	0
Central Shipping and Receiving	7,000
Central Excess Property Operation	32,000
Central Imprest Fund	0
Copier/Duplication Center	<u>1,148,000</u>
Total	<u>+\$1,331,000</u>

Need for Change. Increasing demand for copier and short-turnaround duplicating services, as well as a need to replace obsolete, qualitatively inferior equipment, require increases in capital spending in this area.

Nature of Change. For capital spending of \$1,332,000 in this area for FY 1992, over 85 percent of this amount will be spent in Copier/Duplication services, specifically for copiers to maintain and expand existing capacity and for duplicating equipment.

- (b) Capital acquisitions for Video and Teleconferencing, and Visual Design Services of \$251,000.

Video and Teleconferencing Services	\$215,000
Visual Design Services	<u>36,000</u>
Total	<u>\$251,000</u>

Need for Change. Capital spending in Video and Teleconferencing reflects a continuing need to provide the Department with adequate video production facilities in support of its various program activities. In visual design services, resources will be needed in support of exhibit production and visitor center support activities.

Nature of Change. Over 90 percent of the total amount will be devoted to improving the video and teleconferencing production facilities in the Office of Public Affairs and responding to a continued high volume of teleconferencing events expected by the Video and Teleconferencing Center.

- (c) Capital acquisitions for the Office of Finance and Management's National Finance Center (OFM/NFC) of \$8,062,000.

Need for Change. OFM/NFC continues to experience increases in demand for services, particularly in its high volume, capital intensive administrative systems (e.g., payroll/personnel). Resources are needed to replace outmoded mainframe computer technology, expand existing processing capacity, and protect the Center's power supply in the event of interruptions or emergencies.

Nature of Change. Resources will be devoted to upgrading mainframe computer capacity, mainframe and personal computer support, and provision of an emergency power supply resource.

- (d) Capital acquisitions for ADP Services of \$11,761,000.

National Computer Ctr./Ft. Collins	\$310,000
National Computer Ctr./Kansas City	11,355,000
Computer Services Unit	96,000
Telephone Service Operations	0
Local Area Network	<u>0</u>
Total	<u>\$11,761,000</u>

Need for Change. The National Computer Center/Kansas City expects increases in IBM mainframe computer processing demand in excess of 20 percent above the FY 1991 level. The increases in processing demand, in addition to the need to replace aging assets here and in other areas, is the basis for the resource request.

Nature of Change. Over 95 percent of the total amount will be used for mainframe computer equipment upgrades, expansion of direct access storage capacity and automation of the tape library facilities at the National Computer Center/Kansas City.

Working Capital Fund
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1990 and Estimated 1991 and 1992

	<u>1990</u>		<u>1991</u>		<u>1992</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>
Colorado	\$8,977,000	61	\$10,495,000	37	\$7,914,000	46
District of Columbia	18,960,000	189	19,276,000	191	20,073,000	191
Louisiana	81,054,000	1,293	87,634,000	1,328	98,198,000	1,435
Maryland	4,288,000	24	4,663,000	21	4,308,000	22
Missouri	36,176,000	119	40,223,000	154	40,358,000	142
Total, Available or Estimate .	<u>\$149,455,000</u>	<u>1,686</u>	<u>\$162,291,000</u>	<u>1,731</u>	<u>\$170,851,000</u>	<u>1,836</u>

RENTAL PAYMENTS AND BUILDING OPERATIONS

Purpose Statement

This account finances the appropriated portion of payments to the General Services Administration (GSA) for rental of leased space and related services. Funding is not provided for payments to GSA made by the Forest Service, since the Forest Service is funded in the Interior and Related Agencies Appropriations Act.

This account also finances operations and maintenance activities under authorities delegated to the Department by GSA. On October 1, 1984, GSA delegated authority to USDA to operate, maintain, repair and make minor improvements to the USDA downtown D.C. building complex, which encompasses 14.1 acres of ground and four buildings containing approximately three million square feet of space occupied by approximately 8,000 employees. This delegation was expanded to include two additional, smaller buildings in 1986.

As of September 30, 1990, there were 78 permanent full-time employees assigned to the operations and maintenance activities financed by this account. All were located in Washington, D.C.

RENTAL PAYMENTS AND BUILDING OPERATIONS AND MAINTENANCE

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

	:	1990	:	1991	:	1992	:
	:	Actual	:	Estimated	:	Estimated	:
Item	:	Amount	:	Staff:	:	Staff:	:
	:		:	Years:	:	Years:	:
Rental Payments	:		:		:		:
to GSA.....	:	\$48,476,758:	--	\$48,808,000:	--	\$51,598,000:	--
Building Operations	:		:		:		:
and Maintenance.....	:	23,820,242:	78	25,093,000:	79	25,700,000:	79
Total, Appropriation...	:	72,297,000:	78	73,901,000:	79	77,298,000:	79
Obligations Under Other:	:		:		:		:
<u>USDA Appropriations:</u>	:		:		:		:
Security, overtime,	:		:		:		:
utilities & misc.	:		:		:		:
services.....	:	2,577,000:	--	2,500,000:	--	2,500,000:	--
Total, Rental Payments	:		:		:		:
and Building	:		:		:		:
Operations and	:		:		:		:
Maintenance.....	:	\$74,874,000:	78	\$76,401,000:	79	\$79,798,000:	79

Full-time Equivalent
Staff-Years:1990
Actual1991
Estimated1992
EstimatedCeiling.....
Non-Ceiling.....
Total.....78
3
8179
3
8279
3
82

BUILDING OPERATIONS AND MAINTENANCE

Permanent Positions by Grade and Staff-Year Summary1990 and Estimated 1991 and 1992

Grade	1990	1991	1992
Headquarters	Headquarters	Headquarters	Headquarters
GS/GM-15.....	1	1	1
GS/GM-14.....	7	7	7
GS/GM-13.....	11	12	12
GS-12.....	13	14	14
GS-11.....	5	4	4
GS-10.....	--	--	--
GS-9.....	1	1	2
GS-8.....	--	--	--
GS-7.....	4	5	4
GS-6.....	3	3	3
GS-5.....	8	7	7
GS-4.....	1	1	1
GS-3.....	--	--	--
GS-2.....	1	1	1
GS-1.....	--	--	--
Other Graded Positions.....	23	23	23
Total Permanent Positions.....	78	79	79
Unfilled Positions end-of-year.....	--	--	--
Total, Permanent Employment, end-of-year.....	78	79	79
Staff-Years			
Ceiling.....	78	79	79
Non-ceiling.....	3	3	3
TOTAL	81	82	82

RENTAL PAYMENTS AND BUILDING OPERATIONS AND MAINTENANCE

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters	\$2,892,804	\$3,015,000	\$3,273,000
Field.....	<u>--</u>	<u>--</u>	<u>--</u>
11 Total personnel compensation	2,892,804	3,015,000	3,273,000
12 Personnel Benefits.....	466,657	500,000	500,000
13 Benefits for former personnel.....	<u>1,735</u>	<u>2,000</u>	<u>2,000</u>
Total pers. comp. & benefits..	<u>3,361,196</u>	<u>3,517,000</u>	<u>3,775,000</u>
Other Objects:			
21 Travel.....	8,469	10,000	15,000
22 Transportation of things....	2,696	3,000	5,000
23.2 Rental payments to others...	44,788,846	45,808,000	46,598,000
23.3 Communications, utilities, and misc. charges.....	4,609,666	4,100,000	4,600,000
24 Printing.....	11,417	15,000	30,000
25 Other services.....	17,209,945	19,395,000	21,567,000
26 Supplies and materials.....	500,460	500,000	450,000
31 Equipment.....	116,635	300,000	154,000
32 Lands and structures.....	91,090	250,000	100,000
43 Interest and dividends.....	<u>4,280</u>	<u>3,000</u>	<u>4,000</u>
Total other objects.....	<u>67,343,504</u>	<u>70,384,000</u>	<u>73,523,000</u>
Total direct obligations.....	<u>\$70,704,700</u>	<u>\$73,901,000</u>	<u>\$77,298,000</u>

Position Data:

Average Salary, GM/GS position...	\$38,478	\$40,410	\$42,431
Average Grade, GM/GS positions...	10.33	10.43	11.11

RENTAL PAYMENTS AND BUILDING OPERATIONS AND MAINTENANCE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rental Payments (USDA)

For payment of space rental and related costs pursuant to Public Law 92-313 for programs and activities of the Department of Agriculture which are included in this Act, [\$49,305,000] \$51,598,000 of which [\$3,000,000] \$5,000,000 shall be retained by the Department of Agriculture for non-recurring repairs as determined by the Department of Agriculture: Provided, That in the event an agency within the Department of Agriculture should require modification of space needs, the Secretary of Agriculture may transfer a share of that agency's appropriation made available by this Act to this appropriation, or may transfer a share of this appropriation to that agency's appropriation, but such transfers shall not exceed 10 percentum of the funds made available for space rental and related costs to or from this account.

Building Operations and Maintenance

For the operation, maintenance, and repair of Agriculture buildings pursuant to the delegation of authority from the Administrator of General Services authorized by 40 U.S.C. 486, [\$25,093,000] \$25,700,000.

The proposed change in language increases the limitation for Rental Payment funds retained for non-recurring repairs. This is to address the continuous backlog of repairs needed to maintain the buildings in the D.C. complex.

RENTAL PAYMENTS AND BUILDING OPERATIONS AND MAINTENANCE

Appropriation Act, 1991.....	\$74,398,000
Budget Estimate, 1992.....	<u>77,298,000</u>
Increase in Appropriation.....	<u>+2,900,000</u>

Adjustments in 1991:

Appropriations Act, 1991.....	\$74,398,000
Funds transferred to other agencies for leases transferred from GSA and moves out of GSA space a/.....	<u>-497,000</u>
Adjusted Base for 1991.....	73,901,000
Budget Estimate, 1992.....	<u>77,298,000</u>
Increase over adjusted 1991.....	<u>+3,397,000</u>

a/ Transfers to other agencies include: Soil Conservation Service (\$454,000), Farmers Home Administration (\$24,000), National Agricultural Statistics Service (\$14,000), and Agricultural Marketing Service (\$5,000).

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Rental Payments to GSA.....	\$48,808,000	--	+\$2,790,000	\$51,598,000
Building Operations and Maintenance.....	25,093,000	+\$256,000	+351,000	25,700,000
Total Available.....	<u>73,901,000</u>	<u>+256,000</u>	<u>+3,141,000</u>	<u>77,298,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1990 Actual</u>	<u>Staff: Amount : Years:</u>	<u>1991 Estimated</u>	<u>Staff: Amount : Years:</u>	<u>Increase or Decrease</u>	<u>1992 Estimated</u>	<u>Staff: Amount : Years:</u>
1. Rental							
Payments....	\$47,771,356	--	\$48,808,000	--	+\$2,790,000	\$51,598,000	--
2. Building							
Operations							
& Mainte-							
nance....	22,932,944	78	25,093,000	79	+607,000	25,700,000	79
Unobligated							
balance.....	887,298	--	--	--	--	--	--
Total, avail-							
able or							
estimate.....	71,591,598	78	73,901,000	79	+3,397,000	77,298,000	79
Lease transfers							
and space							
moves a/.....	+705,402	--	+497,000	--			
Total, Appro-							
priation.....	<u>72,297,000</u>	<u>78</u>	<u>74,398,000</u>	<u>79</u>			

EXPLANATION OF PROGRAM

This appropriation provides funding for the following activities:

Rental Payments to GSA. The fiscal year 1983 Agriculture Appropriations Act (P.L. 97-370) consolidated most of the Department's rental payment to the General Services Administration (GSA) into a single appropriation. This activity does not provide funding to cover space costs incurred in other funding areas such as trust funds, the Working Capital Fund, and other non-appropriated funds. The amount in this account represents the appropriated portion of the total Departmental charges for rent payments to the GSA for all agencies and staff offices of the Department except the Forest Service. In addition, the appropriation provides for the retention of funds by USDA for non-recurring repairs.

Building Operations and Maintenance. On October 1, 1984, GSA delegated the operations and maintenance functions for the buildings in the D.C. complex to the Department. This activity provides Departmental staff and support services to operate, maintain and repair the buildings in the D.C. complex. GSA expanded the delegation to include two additional buildings on October 1, 1986; however USDA has since relinquished the space. GSA retains responsibility for major non-recurring repairs.

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of \$2,790,000 for rental payments to GSA.

Need for Change. The increase is for rental payment rate increases, as provided by GSA, in selected geographic regions applied to the existing inventory of space that agencies will occupy through September 30, 1991, and net increases in space costs due to reclassification of space to a higher rate. The request also proposes to revise the provision allowing the Department to retain funds for non-recurring repairs. The revision would increase the amount available from \$3 million to \$5 million and is needed to address the growing repair backlog.

Nature of Change. The added funds will allow the Department to maintain its inventory of approximately 6.7 million square feet of space nation-wide. The additional funds for non-recurring repairs will be used for such activities as replacement of window frames, asbestos removal, and upgrading of safety and electrical equipment to meet modern code specifications.

(2) An increase of \$607,000 for building operations and maintenance composed of the following:

(a) A total increase of \$256,000 for pay costs, which consists of \$102,000 for annualization of the 1991 pay raise and \$154,000 for the 1992 pay raise.

(b) An increase of \$171,000 to cover increased contract costs.

Need for Change. The increase will cover yearly pricing adjustments required by the Fair Labor Standards Act and the Services Contract Act, as well as other costs that will increase when building operations and maintenance contracts are renewed.

Nature of Change. This increase will be used in payment of contracts for service and will permit continuation of the fiscal year 1991 level of activity for USDA occupied space in the Washington, D.C. complex.

(c) An increase of \$180,000 is to cover increased utilities costs associated with the Auditor's Building.

Need for Change. The Auditor's Building was reoccupied in January 1990 following restoration. Based on current billings for fiscal year 1991, prior estimates of the costs of utilities appear too low. An increase in funding is needed for fiscal year 1992. Much of the increase is due to extensive use of computers, which are intensive consumers of electric utilities that are paid from this

account. It is anticipated that once all computer systems are fully operational, funding over the fiscal year 1991 level will be required.

Nature of Change. Added funds will be used to pay the utilities bills.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1990 and Estimated 1991 and 1992

	<u>1990</u>		<u>1991</u>		<u>1992</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
Washington, D.C.....	\$70,704,300	78	\$73,901,000	79	\$77,298,000	79
Unobligated balance..	887,298	--	--	--	--	--
Total, Available	<u>\$71,591,598</u>	<u>78</u>	<u>\$73,901,000</u>	<u>79</u>	<u>\$77,298,000</u>	<u>79</u>

ADVISORY COMMITTEES

Purpose Statement

The Federal Advisory Committee Act (P.L. 92-463) was passed in 1972 to recognize that committees and similar groups provide a useful and beneficial means of furnishing expert advice to officers of the Federal Government. The Assistant Secretary for Administration is the principal Department Officer responsible for performing functions and coordinating activities of the Act.

The Agriculture, Rural Development and Related Agencies Appropriations Act of 1983 consolidated all USDA advisory committee funds, except those in the Forest Service and those paid from user fees, in a separate appropriation.

ADVISORY COMMITTEES

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

	: 1990	:	: 1991	:	: 1992	:
	: Actual	:	: Estimated	:	: Estimated	:
Item	: Amount	: Staff:	: Amount	: Staff:	: Amount	: Staff
	: Years:		: Years:		: Years:	
USDA Advisory	:	:	:	:	:	:
Committees.....	\$1,394,000:	--	\$1,357,000	--	\$2,038,000	--
	:	:	:	:	:	:
National Commission	:	:	:	:	:	:
on Agriculture and	:	:	:	:	:	:
Rural Development.....	100,000:	--	50,000	--	--	--
	:	:	:	:	:	:
Total, Advisory	:	:	:	:	:	:
Committees.....	1,494,000:	--	1,407,000	--	2,038,000	--

ADVISORY COMMITTEES

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation: <u>a/</u>			
11 Total personnel compensation	\$411,180	\$517,000	\$515,000
12 Personnel Benefits.....	<u>61,928</u>	<u>67,000</u>	<u>65,000</u>
Total Pers. Comp & Benefits...	<u>473,108</u>	<u>584,000</u>	<u>580,000</u>
Other Objects:			
21 Travel.....	392,615	578,000	591,000
22 Transportation of things....	2,106	1,000	1,000
23.3 Communications, utilities, and other rent.....	12,789	10,000	10,000
24 Printing and reproduction...	9,620	43,000	27,000
25 Other services.....	192,676	215,000	802,000
26 Supplies and materials.....	8,926	20,000	22,000
31 Equipment.....	17,898	6,000	5,000
41 Grants & Subsidies and Contributions.....	<u>60,000</u>	<u>--</u>	<u>--</u>
Total other objects.....	<u>696,630</u>	<u>873,000</u>	<u>1,458,000</u>
Total direct obligations.....	<u>1,169,738</u>	<u>1,457,000</u>	<u>2,038,000</u>

a/ USDA agencies are allowed under the Advisory Committee Act to obligate funds for portions of salaries and benefits for staff-time devoted to the support of these committees.

ADVISORY COMMITTEES

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Advisory Committees:

For necessary expenses for activities of Advisory Committees of the Department of Agriculture which are included in this Act, [\$1,407,000] \$2,038,000:
Provided, That no other funds appropriated to the Department of Agriculture in this Act shall be available to the Department of Agriculture for support of activities of Advisory Committees.

ADVISORY COMMITTEES

Appropriation Act, 1991.....	\$1,407,000
Budget Estimate, 1992.....	<u>2,038,000</u>
Increase in Appropriation.....	<u>+631,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
USDA Advisory Committees.....	\$1,407,000	+\$631,000	\$2,038,000

PROJECT STATEMENT

(On basis of appropriation)

	1990		1991			1992	
	Actual		Estimated		Increase	Estimated	
Item of Change	Amount	Staff: Years	Amount	Staff: Years	or Decrease	Amount	Staff: Years
Advisory.....							
Committees.....	\$1,169,738	--	\$1,457,074	--	+\$580,926	\$2,038,000	--
Unobligated							
Balance							
Lapsing.....	374,494	--	---	--	---	---	--
Unobligated							
Balance							
Brought							
Forward.....	-100,306	--	-50,074	--	+ 50,074	---	--
Unobligated							
Balance							
Carried For-							
ward.....	50,074	--	---	--	---	---	--
Total,							
Appropri-							
ation.....	<u>1,494,000</u>	--	<u>1,407,000</u>	--	<u>+\$631,000(1)</u>	<u>2,038,000</u>	--

EXPLANATION OF PROGRAM

The appropriation provides for financial support of all authorized Department of Agriculture advisory committee activities other than those included in the Forest Service or financed by user fees or other funds.

The Federal Advisory Committee Act (P.L. 92-463) was passed in 1972 to recognize that committees and similar groups provide a useful and beneficial means of furnishing expert advice to officers of the Federal Government. In establishing the Act, Congress declared that: committees should be restricted in number to only those essential to provide the necessary expert advice in specialty areas; uniform standards and procedures should govern the establishment, operation, administration and duration of the committees; and Congress should be kept informed of the number and cost of committees.

The FY 1983 Agriculture, Rural Development and Related Agencies Appropriations Act provided a consolidated account for this purpose. Under this consolidated account 34 committees are currently identified for fiscal year 1992. Twelve are established by statute, and the remaining 22 are established by the Department, either independently, or upon the recommendation of Congress. Because of the 1990 Farm Bill, we anticipate the number of committees to be increased, but have yet to determine the exact number of new committees.

ADVISORY COMMITTEES

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net increase of \$631,000 for Advisory Committees composed of the following:

- (a) An increase of \$850,000 to provide for funding allocations consistent with recently enacted legislation.

Need for Change. Due to recently enacted legislation, several new committees have been authorized already to advise USDA officials on a variety of agriculture-related issues and policies. The new acts include: The Food, Agriculture, Conservation and Trade Act of 1990 (Farm Bill), The National Nutrition Monitoring and Related Research Act of 1990, and The Organic Foods Production Act of 1990. USDA is currently evaluating the provisions of these acts and expects them to engender new advisory committee activities under this appropriation for fiscal year 1992.

Nature of Change. The work of these committees will be carried out within the Advisory Committees organization and funding structure.

- (b) A reduction of \$219,000 due to committee terminations and general operating cost decreases.

Estimates for the Department's Advisory Committees by major policy area follow.

USDA ADVISORY COMMITTEES

<u>Policy Area and Committee Title</u>	<u>1990 Actual</u>	<u>1991 Estimate</u>	<u>1992 Estimate</u>
Food and Consumer Services:			
Nat'l Adv. Council on Maternal, Infant and Fetal Nutrition.....	\$39,946	\$39,883	\$40,250
Nat'l Adv. Council on Commodity Distribution.	48,504	81,428	78,235
Dietary Guidelines Advisory Committee.....	57,392	--	--
National Nutrition Monitoring Advisory Council.....	--	71,911	--
Total.....	145,842	193,222	118,485
Science and Education:			
Nat'l Ag. Res. & Exten. Users Adv. Board.....	188,597	220,011	201,975
National Arboretum Advisory Council.....	11,469	13,654	11,386
Human Nutrition Board of Scient. Counselors..	12,242	18,593	15,769
National Plant Genetic Resources Board.....	24,261	--	--
Science & Education Comp. Res. Grants.....	10,862	21,398	17,679
Animal Health Science Research Adv.Board....	18,867	20,648	19,408
Cooperative Forestry Research Adv. Council...	35,707	32,200	29,430
Committee of Nine.....	38,034	40,131	35,334
Agriculture Biotechnology Research Adv. Com..	168,039	134,960	121,036
Joint Council on Food and Agriculture Sciences.....	--	--	346,000
Total.....	508,078	501,595	798,017
Marketing and Inspection Services:			
Federal Grain Inspection Adv. Comm.....	52,026	65,586	55,744
Nat'l Adv. Comm. on Meat & Poultry Insp.....	15,125	26,003	23,057
Nat'l Adv. Comm. on Microbiological Criteria for Foods.....	51,266	50,252	45,607
Advisory Committees on:			
Foreign Animal and Poultry Diseases.....	13,014	26,503	25,344
Swine Health Protection.....	9,570	--	--
Gen. Conf. Comm. of the Nat'l Poultry Improvement Plan.....	11,478	7,968	14,186
Nat'l Animal Damage Control Adv. Comm.....	21,262	38,950	19,352
Nat'l Adv. Comm. on Cotton Marketing.....	33,300	33,300	27,719
Scrappie Negotiated Rulemaking Adv. Comm....	45,612	45,220	42,510
Total.....	252,653	293,782	253,519

<u>Policy Area and Committee Title</u>	<u>1990 Actual</u>	<u>1991 Estimate</u>	<u>1992 Estimate</u>
International Affairs and Commodity Programs:			
Agriculture Tech. Adv. Comm. for Trade....	14,810	15,538	15,538
Technical Adv. Comm. for Trade in:			
Cotton.....	13,737	14,465	14,465
Fruits and Vegetables.....	13,737	14,465	14,465
Grain and Feed.....	14,810	15,538	15,538
Livestock and Livestock Products.....	14,810	15,538	15,538
Oilseeds and Oilseed Products.....	13,737	14,465	14,465
Poultry and Eggs.....	13,737	14,465	14,465
Tobacco.....	13,737	14,465	14,465
Dairy Products.....	13,737	14,465	14,465
Sweeteners.....	13,737	14,465	14,465
Processed Food.....	13,737	14,465	14,465
Agribusiness Promotion Council.....	7,582	25,719	22,278
USDA's Int'l Trade Activities.....	<u>6,000</u>	<u>--</u>	<u>--</u>
Total.....	167,908	188,053	184,612
Small Community and Rural Development:			
President's Council on Rural Development...	--	86,736	80,754
Nat'l Comm. on Agriculture & Rural Develop.	50,000 <u>1/</u>	75,000 <u>1/</u>	--
Federal Crop Insurance Adv. Committee.....	<u>8,666</u>	<u>10,000</u>	<u>10,000</u>
Total.....	58,666	171,736	90,754
Economics:			
Nat'l Ag. Cost of Prod. Standards Review Bd.	31,500	33,400	31,042
Departmental Administration:			
Citizen's Adv. Comm. on Equal Opportunity...	5,091	75,212	67,571
Committees authorized by new legislation....	<u>--</u>	<u>--</u>	<u>494,000</u> <u>2/</u>
Total, Advisory Committees.....	<u>1,169,738</u>	<u>1,457,000</u>	<u>2,038,000</u>

1/ This Commission was funded from a separate no-year appropriation during fiscal year 1990. During fiscal year 1991, a portion of total operating cost will be funded from balances forward from the no-year appropriation.

2/ The Department is re-evaluating distribution of Advisory Committee funds based on requirements of the Food, Agriculture, Conservation and Trade Act of 1990, P.L. 101-624, the National Nutrition Monitoring and Related Research Act of 1990, and other recently enacted legislation. An updated table of committee estimates will be provided when revised allocations have been determined.

HAZARDOUS WASTE MANAGEMENT

Purpose Statement

This program is designed to promote facility compliance under the requirements of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and the Resource Conservation and Recovery Act (RCRA). These Acts require Federal agencies to meet the same standards for storage and disposition of hazardous wastes as private businesses. The funds provided for this program enable the Department to address problems posed by past uncontrolled hazardous waste disposal practices and to deal with the regulation of current hazardous substances.

A central fund has been established from which resources are allocated to USDA agencies according to priority of need. This approach permits the Department to correct compliance problems in a systematic manner.

HAZARDOUS WASTE MANAGEMENT

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

	:	1990	:	1991	:	1992	
	:	Actual	:	Estimated	:	Estimated	
	:	: Staff	:	:Staff	:	:Staff	
Item	:	Amount	: Years	: Amount	:Years	: Amount	:Years
Total, Appropriation...	:	\$19,927,000:	--	: \$24,757,000:	--	: \$29,943,000:	--

HAZARDOUS WASTE MANAGEMENT

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

<u>1992</u>		<u>1990</u>		<u>1991</u>
Other Objects:				
21	Travel.....	\$84,000	--	--
22	Transportation of things.....	39,000	--	--
23	Rent, Communication, & Utilities.	56,000	--	--
24	Printing and reproduction.....	4,000	--	--
25	Other services.....	16,339,227	\$29,710,539	\$29,943,000
26	Supplies and materials.....	241,000	--	--
31	Equipment.....	160,000	--	--
32	Land and structure.....	836,000	--	--
42	Insurance Claims & Indemnities	1,000	--	--
43	Interest and Dividends....	2,000	--	--
Total direct obligations.....		<u>17,762,227</u>	<u>29,710,539</u>	<u>29,943,000</u>

Hazardous Waste Management

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets) :

Hazardous Waste Management

For necessary expenses of the Department of Agriculture [, except for expenses of the Commodity Credit Corporation,] to comply with the requirement of section 107g of the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. 9607g, and section 6001 of the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6961, [~~\$24,757,000~~] \$29,943,000, to remain available until expended: Provided, That appropriations and funds available herein to the Department of Agriculture for hazardous waste management may be transferred to any agency of the Department for its use in meeting all requirements pursuant to the above Acts on Federal and non-Federal lands.

This change will allow the Commodity Credit Corporation (CCC) to pay for hazardous waste clean up. It is estimated that CCC will use \$5,713,000 in FY 1992.

HAZARDOUS WASTE MANAGEMENT

Appropriation Act, 1991.....	\$24,757,000
Budget Estimate, 1992.....	<u>29,943,000</u>
Increase in Appropriation.....	<u>+5,186,000</u>

SUMMARY OF INCREASE AND DECREASE
(on basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Hazardous Waste Management.....	\$24,757,000	+\$5,186,000	\$29,943,000

PROJECT STATEMENT
(on basis of appropriation)

<u>Item of Change</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase or Decrease</u>	<u>1992 Estimated</u>
	<u>Amount</u>	<u>Staff: Years</u>	<u>Staff: Years</u>	<u>Staff: Years</u>
Hazardous Waste Mgmt.....	\$17,762,227: --	\$29,710,539: --	+\$232,461:	\$29,943,000: --
Unobligated balance, start of year.....	-2,788,766: --	-4,953,539: --	+4,953,539:	--: --
Unobligated balance, end of year.....	+4,953,539: --	--: --	--:	--: --
Total Appropriation....	19,927,000: --	24,757,000: --	+ 5,186,000:	29,943,000: --

EXPLANATION OF PROGRAM

This appropriation funds the Department's efforts to identify, assess, contain, and clean up hazardous waste sites in areas covered by programs of the Department or within Departmental jurisdiction. These responsibilities were imposed on all Federal agencies by the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and the Resource Conservation and Recovery Act (RCRA).

Since the Department identified a number of hazardous waste sites requiring remedial action, a central fund was established in fiscal year 1988. Resources from this fund are allocated to Departmental agencies according to priority needs. The agencies receiving these funds in fiscal year 1991 are the Agricultural Research Service, the Animal and Plant Health Inspection Service, the Farmers Home Administration, the Food Safety and Inspection Service, the Forest Service, the Soil Conservation Service, the Office of the General Counsel, and Departmental Administration.

JUSTIFICATION OF INCREASES AND DECREASES

An increase of \$5,186,000 to undertake hazardous waste compliance activities associated with remediation of ground or surface water contamination under the CERCLA and with meeting underground storage tank requirements under the RCRA. (\$24,757,000 available in 1991).

Need for Change. The Department's hazardous waste management program is intended to insure compliance with the applicable environmental laws. The Superfund Amendments and Reauthorization Act (SARA) established specific deadlines for completing the various phases of this work. The Federal Agency Hazardous Waste Compliance Docket is the Environmental Protection

Agency's (EPA) and the general public's mechanism for tracking the progress of individual projects.

For the fiscal year 1992 CERCLA program, USDA agencies have requested resources to store and dispose of hazardous materials, develop cleanup strategies, and conduct analyses to identify potential problems. A change in appropriation language is requested to allow funds from this account to be used for site investigations and remedial action (cleanup) at former CCC storage sites. These sites have groundwater contamination from carbon tetrachloride, which was a common constituent of grain bin fumigants when CCC operated its storage bin program. The Environmental Protection Agency has designated CCC the potentially responsible party for contamination at four sites and is conducting investigations at other former CCC sites. Since Federal laws require that contaminated aquifers be returned to acceptable drinking water by the potentially responsible party, the fiscal year 1992 request provides funds to clean up these sites. Most of the requested increase will be used for site investigations and ground water treatment at former storage facilities in Bruno and Murdock, Nebraska. If funds permit, preliminary assessments and site investigations will be initiated at three former facilities in Kansas. CCC operation and maintenance activities will be financed from CCC funds.

For other USDA agencies, the CERCLA program will also include the design of clean-up strategies and clean-up at a number of sites where the work has progressed to these stages. Additional resources are needed to continue site assessment and clean up of abandoned mining sites to comply with the CERCLA in 1992.

The RCRA program will be directed to compliance with underground storage tank (UST) requirements. A majority of these tanks are old enough to require removal and replacement according to EPA regulations. In fiscal year 1992, the estimated cost of removing and replacing storage tanks will continue to increase, as will the costs associated with cleanup of leaking tanks and contaminated soil and/or ground water. Also, the additional resources will provide funding to continue work at municipal landfills which are located on United States lands and are under special use permits to local governments.

Nature of Change. The request for fiscal year 1992 provides the agencies involved with the capability to continue an effective hazardous waste management program. The work under CERCLA facilities will involve remedial activities, which include preliminary site assessments, site investigations, analyses to identify potential problems, cleanup strategies, and cleanup of individual sites. Because of the specialized training and expertise needed to conduct these types of activities, most of the work will be handled through contracting with qualified consulting firms.

For RCRA facilities, the work will involve underground storage tank leak testing, repair or replacement, and contamination clean-up at landfills, as necessary. It will also provide for tank removals to help achieve the objectives of the Department's efforts to eliminate Government-owned fuel facilities.

Allocations to USDA agencies are shown below. The allocations for fiscal year 1992 are tentative, based on current program status.

Current and Proposed Allocation of Funds
for Hazardous Waste Management
(Dollars in Thousands)

<u>USDA Agency</u>	<u>1991 estimate</u>	<u>1992 estimate</u>
Agricultural Research Service.....	\$4,442	\$8,665
Animal and Plant Health Inspection Service	253	197
Commodity Credit Corporation.....	--	5,713
Departmental Administration.....	500	--
Farmers Home Administration.....	500	1,565
Food Safety and Inspection Service.....	38	39
Forest Service.....	18,546	13,196
Office of the General Counsel.....	269	330
Soil Conservation Service.....	209	238
Total Allocations.....	<u>24,757</u>	<u>29,943</u>

OFFICE OF PUBLIC AFFAIRS

Purpose Statement

The Office of Public Affairs (OPA) was established by the Secretary of Agriculture on October 1, 1989, under the Reorganization Plan No. 2 of 1953 (7 U.S.C. 2201).

The Office of Public Affairs provides leadership, expertise, and counsel for the development of public affairs strategies which are vital to the overall formulation, awareness, and acceptance of U.S. Department of Agriculture programs and policies. OPA serves as the principal USDA contact point for dissemination of consistent, timely information.

The two major programs are:

1. Public Affairs. Provides direction, leadership and balance in the development and delivery of useful information through all media to the public on USDA's involvement in all areas of agriculture, including: research, educational and regulatory activities; nutrition, conservation and farm programs; forestry and international agriculture. It also serves as the focal point for liaison between the Department and the public, including the many associations and organizations representing America's food and fiber system, with emphasis on policy education.
2. Intergovernmental Affairs. Directs and coordinates all programs involving the implementation of USDA policies and procedures applicable to the Department's intra and intergovernmental relations. Also coordinates USDA's Native American and Alaskan Native assistance programs.

The Office of Public Affairs also provides centralized services financed through the Working Capital Fund in the areas of video and teleconference, and design and exhibits. Other centralized services are provided by the photography, printing, and publishing unit. The agency is located in Washington, DC. As of September 30, 1990, there were 130 full-time permanent employees and 11 other than full-time permanent employees.

OFFICE OF PUBLIC AFFAIRS

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

Item	1990		1991		1992	
	Actual	Staff	Estimated	Staff	Estimated	Staff
	Amount	Years	Amount	Years	Amount	Years
Direct Appropriation...	\$8,473,000:	120	\$8,882,000:	127	\$9,599,000:	127
Obligations Under Other:	:	:	:	:	:	:
USDA Appropriations:	:	:	:	:	:	:
Agency Photo Service...	685,386:	--	656,000:	--	681,000:	--
Ag Journalist	:	:	:	:	:	:
Conference.....	9,175:	--	20,000:	--	20,000:	--
Admin. Support to	:	:	:	:	:	:
Working Capital Fund..	31,642:	2	61,000:	2	61,000:	2
Total, Reimbursements..	726,203:	2	737,000:	2	762,000:	2
Working Capital Fund:	:	:	:	:	:	:
Video & Teleconference	:	:	:	:	:	:
and Visual Design	:	:	:	:	:	:
Services.....	3,826,000:	26	3,952,000:	26	4,063,000:	26
Total, Working Capital	:	:	:	:	:	:
Fund.....	3,826,000:	26	3,952,000:	26	4,063,000:	26
Total, Other USDA	:	:	:	:	:	:
Appropriations.....	4,552,203:	28	4,689,000:	28	4,825,000:	28
Total, Agriculture	:	:	:	:	:	:
Appropriations.....	12,980,203:	148	13,571,000:	155	14,424,000:	155
Non-Federal Funds:	:	:	:	:	:	:
Sale of Photos & Slides:	9,242:	--	9,000:	--	9,000:	--
Total, Office of Public:	:	:	:	:	:	:
Affairs.....	12,989,445:	148	13,580,000:	155	14,433,000:	155

Full-time Equivalent Staff-Years:	1990 Actual	1991 Estimated	1992 Estimated
Ceiling.....	148	155	155
Non-Ceiling.....	1	4	4
Total.....	149	159	159

OFFICE OF PUBLIC AFFAIRS

Permanent Positions by Grade and Staff-Year Summary1990 and Estimated 1991 and 1992

Grade	1990	1991	1992
	Headquarters	Headquarters	Headquarters
ES-6.....	1	0	0
ES-4.....	1	2	2
ES-1.....	3	4	4
GS/GM-15.....	11	13	13
GS/GM-14.....	22	26	26
GS/GM-13.....	18	21	21
GS-12.....	13	18	18
GS-11.....	14	11	11
GS-9.....	10	13	13
GS-8.....	3	4	4
GS-7.....	20	20	20
GS-6.....	6	6	6
GS-5.....	4	5	5
GS-4.....	1	5	5
GS-3.....	0	1	1
Ungraded Positions..	5	6	6
Total Permanent Positions.....	132	155	155
Unfilled Positions end of year.....	-2	--	--
Total, Permanent Employment, end of year.....	130	155	155
Staff-Years:			
Ceiling.....	148	155	155
Non-ceiling.....	1	4	4
TOTAL.....	149	159	159

OFFICE OF PUBLIC AFFAIRS

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters	<u>\$5,215,742</u>	<u>\$5,855,000</u>	<u>\$6,293,000</u>
11 Total personnel compensation	5,215,742	5,855,000	6,293,000
12 Personnel Benefits.....	756,657	833,000	906,000
13 Benefits for former personnel.....	<u>9,770</u>	<u>9,000</u>	<u>9,000</u>
Total pers. comp & benefits...	5,982,169	6,697,000	7,208,000
Other Objects:			
21 Travel.....	112,057	121,000	136,000
22 Transportation of things....	3,893	21,000	21,000
23.3 Communications, utilities, and misc. charges.....	459,832	371,000	371,000
24 Printing.....	660,023	827,000	832,000
25 Other services.....	792,042	708,000	776,000
26 Supplies and materials.....	110,229	77,000	80,000
31 Equipment.....	<u>268,224</u>	<u>60,000</u>	<u>175,000</u>
Total other objects.....	<u>2,406,300</u>	<u>2,185,000</u>	<u>2,391,000</u>
Total direct obligations.....	<u>8,388,469</u>	<u>8,882,000</u>	<u>9,599,000</u>
<u>Position Data:</u>			
Average Salary, ES positions.....	\$72,800	\$87,079	\$91,433
Average Salary, GM/GS position...	\$40,808	\$42,801	\$45,396
Average Grade, GM/GS positions...	10.83	11.00	11.09

OFFICE OF PUBLIC AFFAIRS

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Office of Public Affairs

Public Affairs

For necessary expenses to carry on services relating to the coordination of programs involving public affairs, and for the dissemination of agricultural information and the coordination of information, work and programs authorized by Congress in the Department, [\$8,442,000] \$9,093,000 including employment pursuant to the second sentence of Section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed \$10,000 shall be available for employment under 5 U.S.C. 3109, and not to exceed \$2,000,000 may be used for farmers' bulletins and not fewer than two hundred thirty-two thousand two hundred and fifty copies for the use of the Senate and House of Representatives of part 2 of the annual report of the Secretary (known as the Yearbook of Agriculture) as authorized by 44 U.S.C. 1301: Provided, that in the preparation of motion pictures or exhibits by the Department, this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225).

Intergovernmental Affairs

For necessary expenses for programs involving intergovernmental affairs, and liaison within the executive branch, [\$440,000] \$506,000.

OFFICE OF PUBLIC AFFAIRS

Appropriations Act, 1991.....	\$8,882,000
Budget Estimate, 1992.....	<u>9,599,000</u>
Increase in Appropriation.....	<u>+ 717,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Public Affairs.....	\$8,442,000	+\$483,000	+\$168,000	\$9,093,000
Intergovernmental Affairs.	<u>440,000</u>	<u>+28,000</u>	<u>+38,000</u>	<u>506,000</u>
Total Available.....	<u>8,882,000</u>	<u>+511,000</u>	<u>+206,000</u>	<u>9,599,000</u>

PROJECT STATEMENT

(on basis of appropriation)

	: 1990	:	: 1991	:	: 1992
	: <u>Actual</u>	:	: <u>Estimated</u>	:	: <u>Estimated</u>
	: :Staff:	:	: :Staff:	:	: :Staff:
<u>Item of Change</u>	: Amount	: Years	: Amount	: Years	: Amount
Public Affairs..	\$8,036,000:	114:	\$8,442,000:	121:	\$9,093,000:
Intergov. Aff. :	352,000:	6:	440,000:	6:	506,000:
Unobligated	:	:	:	:	:
balance.....	85,000:	--:	--:	--:	--:
Total available :	:	:	:	:	:
or estimate....	8,473,000:	120:	8,882,000:	127:	9,599,000:
Transferred to :	:	:	:	:	:
the Asst. Secy:	:	:	:	:	:
for Cong. Rel.:	+542,000:	+10:	:	:	:
Transferred from:	:	:	:	:	:
Office of the :	:	:	:	:	:
Secretary.....	-30,000:	:	:	:	:
Total, appropri-	:	:	:	:	:
ations.....	<u>8,985,000:</u>	<u>130:</u>	:	:	:

EXPLANATION OF PROGRAM

The appropriation for the Office of Public Affairs funds the activities established pursuant to the relevant sections of Secretary's Memorandum No. 1927, dated October 5, 1977, and the authority contained in 5 U.S.C. 301 and Reorganization Plan No. 2 of 1953 (7 U.S.C. 2201). The activities carried out are as follows:

--Public Affairs - Public Affairs provides leadership, expertise, and counsel for the development of public affairs strategies which are vital to the overall formulation, awareness, and acceptance of U.S. Department of Agriculture programs and policies. Public Affairs serves as the principal USDA contact point for dissemination of consistent, timely information.

--Intergovernmental Affairs - Directs and coordinates programs involving the implementation of USDA policies and procedures applicable to the Department's intergovernmental affairs and relations with other Departments.

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of \$651,000 for Public Affairs consisting of:(a) An increase of \$168,000 for production and dissemination of information.

Need for Change. Most critical among the Office of Public Affairs' goals is the timely and accurate dissemination of information to our constituents: The Congress, farmers, consumers, citizen groups, and industry. In order to meet this goal, we are requesting funding to:

Expand the use of the electronic facsimile transmission (SpectraFax) system. This system is in regular use by the media and interested groups for gaining electronic access to news releases, statements, and speeches produced by the News Division. We currently have only limited access availability and information consists only of news. This expansion will allow members of Congress, as well as the general public, farm and industry groups, other Federal, State and local government agencies, immediate access to USDA-generated news and other information.

Create an institutional information inventory system. The Department's Visitor Information Center answers thousands of requests for information on the Department's program and policies each year. The current information inventory is kept manually through the use of file cabinets and index card files. The proposed system would computerize the inventory of publications, subject matter experts and other information resources. This would pinpoint what to read, where to find it, and who to see regarding the spectrum of agricultural information.

Expanded use of satellite transmission. Currently we are transmitting via satellite news service in video format ranging from news actualities, feature agricultural stories, research news features to the biweekly program "Agriculture Update." Television is an important media for providing information from the Department to agricultural producers. A 1990 Doane Marketing Research survey reports that of the 600,627 farmers with income of less than \$100,000 annually, well over half rely on television to gather important information quickly. The increase we are asking for will allow us to expand transmission by satellite. Methods that can improve the delivery of the Department's information via television to broadcasters, are a significant contribution to helping the Department meet its goal, of providing useful agricultural information to all interested parties.

Nature of change. The requested funding of \$50,000 will expand the use of satellite transmission time. The funding of \$118,000 will be used to purchase ADP equipment, software programs, and expand our current systems. The \$118,000 funding will not be included in the future base program level.

(b) A total increase of \$483,000 for pay costs which consists of \$238,000 for the annualization of the 1991 pay raise and \$245,000 for the 1992 pay raise.

(2) An increase of \$66,000 for Intergovernmental Affairs consisting of:

- (a)
- An increase of \$38,000 to expand the use of Food and Agriculture Councils (FACs).

Need for Change. The Office of Intergovernmental Affairs serves as the liaison for the State FACs and is the primary contact point at USDA for the FACs operations and activities. The FACs serve a necessary role as facilitator to expedite the constant flow of information between the State and local level and the Department. The FACs also serve as liaison to surface emerging State and local issues affecting agriculture and rural communities. Through FACs the Department can communicate its goals, policies and programs to the agricultural community. They are a vital link in helping to shape and implement USDA mandates across the country.

The requested funding is necessary to cover increase usage of FACs. The Food, Agriculture, Conservation and Trade Act of 1990 expands the Rural Development programs. This will require greater Federal and State cooperation and communication which FACs can render through its network of councils. The Act also stresses cooperation and coordination with the States and programs on sustainable agriculture and the environment, particularly in the area of reducing degradation of surface and ground water. FACs is in a position to render valuable assistance in carrying out these activities. In addition, with a tightening of overall budgets in both the Federal and State governments, FACs will be used more to coordinate programs between the two arenas.

Nature of change. The requested funding of \$38,000 will cover operating costs in the areas of communications, printing, supplies and materials, and other related expenses.

- (b)
- A total increase of \$28,000 for pay costs which consists of \$14,000 for the annualization of the 1991 pay raise and \$14,000 for the 1992 pay raise.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1990, and estimated 1991 and 1992

	<u>1990</u>		<u>1991</u>		<u>1992</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>
Washington, D.C.	\$8,388,000	120	\$8,882,000	127	\$9,599,000	127
Unobligated balance	85,000	--	--	--	--	--
Total, Available or Estimate.....	8,473,000	120	8,882,000	127	9,599,000	127

OFFICE OF THE INSPECTOR GENERAL

Purpose Statement

Pursuant to the Inspector General Act of 1978, (5 U.S.C. app. 3), the Office of the Inspector General:

- (1) provides policy direction and conducts, supervises, and coordinates all audits and investigations;
- (2) reviews existing and proposed legislation and regulations and makes recommendations to the Secretary and the Congress regarding the impact such initiatives will have on economy and efficiency of the Department's programs and operations, and the prevention and detection of fraud, waste, and mismanagement in such programs;
- (3) recommends policies for and conducts, supervises, or coordinates other activities in the Department whose purposes are to promote economy and efficiency or prevent and detect fraud, waste, and mismanagement;
- (4) recommends policies for and conducts, supervises, or coordinates relationships between the Department and other Federal, State, and local government agencies concerning: (a) promoting economy and efficiency; (b) preventing and detecting fraud, waste, and mismanagement; and (c) identifying and prosecuting people involved in fraud, waste, and mismanagement; and
- (5) keeps the Secretary and the Congress fully and currently informed about fraud, other serious problems, waste, mismanagement, and deficiencies in Department programs and operations, recommends corrective action, and reports on the progress made in correcting the problem.

The Office of the Inspector General is headquartered in Washington, D.C., and has regional offices in the following cities: New York, New York; Hyattsville, Maryland; Atlanta, Georgia; Chicago, Illinois; Temple, Texas; Kansas City, Missouri; and San Francisco, California. As of September 30, 1990, total on-board employment was 832 including 816 full-time and 16 other employees. There were 217 employees located in Headquarters and 615 located in the field.

OFFICE OF THE INSPECTOR GENERAL

Available Funds and Staff-Years

1990 Actual and Estimated, 1991 and 1992

Item	1990		1991		1992	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Office of the Inspector:						
General	\$51,779,000	834	\$55,580,000	870	\$65,247,000	918
Obligations under other:						
USDA appropriations..	690,000	--	--	--	--	--
TOTAL, OIG	52,469,000	834	55,580,000	870	65,247,000	918

Full-time Equivalent Staff-Years:	1990 Actual	1991 Estimated	1992 Estimated
Ceiling	834	870	918
Non-ceiling	30	30	30
Total	864	900	948

OFFICE OF THE INSPECTOR GENERAL

Permanent Positions by Grade and Staff-Year Summary
FY 1990 and Estimated FY 1991 and 1992

Grade	1990			1991			1992		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
Executive Level IV	1	0	1	1	0	1	1	0	1
ES 6	1	0	1	1	0	1	1	0	1
ES 4	5	0	5	5	0	5	5	0	5
ES 3	1	0	1	1	0	1	1	0	1
ES 2	0	0	0	1	0	1	2	0	2
GS/GM 15	14	13	27	14	13	27	15	14	29
GS/GM 14	23	42	65	23	42	65	23	46	69
GS/GM 13	38	122	160	38	122	160	40	129	169
GS-12	13	217	230	14	217	231	16	230	246
GS-11	11	63	74	12	62	74	13	69	82
GS-9	4	59	63	5	60	65	6	65	71
GS-8	2	0	2	2	0	2	2	0	2
GS-7	14	89	103	15	91	106	15	94	109
GS-6	7	23	30	7	23	30	7	23	30
GS-5	7	40	47	7	43	50	7	43	50
GS-4	3	21	24	3	21	24	3	21	24
GS-3	2	5	7	2	5	7	2	5	7
Total Permanent Positions	146	694	840	151	699	850	159	739	898
Unfilled Positions end-of-year.....	-2	-19	-21	0	0	0	0	0	0
Total Permanent Employment: end-of-year.....	144	675	819	151	699	850	159	739	898
Staff-Years:									
Ceiling	151	683	834	151	719	870	152	766	918
Non-ceiling	3	27	30	3	27	30	3	27	30
Total	154	710	864	154	746	900	155	793	948

OFFICE OF THE INSPECTOR GENERAL

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

Personnel Compensation:	<u>1990</u>	<u>1991</u>	<u>1992</u>
Headquarters	\$9,182,522	\$9,550,000	\$10,088,000
Field	<u>24,165,461</u>	<u>26,863,000</u>	<u>32,794,000</u>
11 Total personnel compensation	33,347,983	36,413,000	42,882,000
12 Personnel benefits	6,845,011	7,514,000	8,826,000
13 Former personnel	<u>16,004</u>	<u>13,000</u>	<u>13,000</u>
Total personnel compensation benefits	<u>40,208,998</u>	<u>43,940,000</u>	<u>51,721,000</u>
Other Objects:			
21 Travel	4,543,456	4,735,000	5,009,000
22 Transportation of things....	214,405	223,000	242,000
23.2 Rental payments to others...	152,725	166,000	176,000
23.3 Communications, utilities and misc. charges	2,122,542	2,205,000	2,344,000
24 Printing and reproduction...	81,362	85,000	90,000
25 Other services.....	2,516,267	2,607,000	3,777,000
26 Supplies and materials.....	790,355	624,000	701,000
31 Equipment.....	1,042,236	961,000	1,153,000
42 Insurance and indemnities...	32,457	34,000	34,000
43 Interest and dividends.....	<u>874</u>	<u>0</u>	<u>0</u>
Total other objects.....	<u>11,496,679</u>	<u>11,640,000</u>	<u>13,526,000</u>
Total direct obligations.....	<u>51,705,677</u>	<u>55,580,000</u>	<u>65,247,000</u>
<u>Position Data:</u>			
Average Salary, ES positions.....	\$78,000	\$95,000	\$98,000
Average Salary, GS positions....	\$38,000	\$41,000	\$43,000
Average Grade, GS positions.....	10.75	10.75	10.75

OFFICE OF THE INSPECTOR GENERAL

The estimate includes proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Office of the Inspector General

For necessary expenses of the Office of the Inspector General, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and the Inspector General Act of 1978, as amended, [\$55,580,000] \$65,247,000 including such sums as may be necessary for contracting and other arrangements with public agencies and private persons pursuant to section 6(a)(8) of the Inspector General Act of 1978, as amended, and including a sum not to exceed \$50,000 for employment under 5 U.S.C. 3109; and including a sum not to exceed \$95,000 for certain confidential operational expenses including the payment of informants, to be expended under the direction of the Inspector General pursuant to Public Law 95-452 and section 1337 of Public Law 97-98.

OFFICE OF THE INSPECTOR GENERAL

SALARIES AND EXPENSES

Appropriations Act, 1991	\$55,580,000
Budget Estimate, 1992	<u>65,247,000</u>
Increase in Appropriation	<u>+9,667,000</u>

SUMMARY OF INCREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Cost Increase</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Audit and Investigations	\$55,580,000	+\$3,476,000	+\$6,191,000	\$65,247,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1990 Actual		1991 Estimated		1992 Estimated	
	Amount	Staff: Years	Amount	Staff: Years	Amount	Staff: Years
Audit and Investigations:	\$51,705,677	834	\$55,580,000	870	+\$9,667,000	\$65,247,000: 918
Unobligated	73,323	--	--	--	--	-- : --
Total, appropriation. . .	51,779,000	834	55,580,000	870	+9,667,000	65,247,000: 918

EXPLANATION OF PROGRAM

This appropriation funds the activities authorized by the Inspector General Act of 1978 as amended. This Act expanded and provided specific authorities for the activities of the Office of the Inspector General which had previously been carried out under the general authorities of the Secretary of Agriculture. The Inspector General:

- conducts and supervises audits and investigations relating to programs and operations of the Department of Agriculture;
- provides leadership and coordination and recommends policies for activities designed (a) to promote economy, efficiency, and effectiveness and (b) to prevent and detect fraud and mismanagement in programs and operations of the Department; and
- keeps the Secretary and the Congress fully informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress of corrective action.

The following table shows the audits, investigations, and staff-years for each area for Fiscal Year 1990.

<u>Area</u>	<u>Audits/ Cases</u>	<u>Staff-Years of Effort</u>
Audit	347	484
Investigations	<u>1,461</u>	<u>350</u>
Total	1,808	834

GAO Reports

None.

JUSTIFICATION OF INCREASES

An increase of \$9,667,000 consisting of:

- (a) An increase of \$1,730,000 for funding increased pay rates for Federal law enforcement officers.

Need for Change. Legislation has been enacted, which changes the method for computing administratively uncontrollable overtime and specific pay increases for certain employees. Public Law 101-173 mandates that all administratively uncontrollable overtime worked after September 30, 1990, shall be paid at the rate of basic pay for the employee's position. The rate of pay was previously limited to the rate of pay of a GS-10 step 1. The Federal Law Enforcement Pay Reform Act of 1990 (FLEPRA), enacted as part of the Appropriation for the Treasury Department (P.L. 101-509), mandates pay increases in FY 1992 for Federal law enforcement officers located in certain high cost areas, as well as increases for entry level salaries.

Nature of Change. This increase provides \$1,205,000 to fund the level of estimated administratively uncontrollable overtime and \$525,000 for pay increases of Federal law enforcement officers located in high cost areas as well as for entry level positions.

- (b) An increase of \$4,461,000 and 48 staff-years to fund the audit of financial statements.

Need for Change. In accordance with the requirements set forth in the Chief Financial Officers Act of 1990, P.L. 101-576, dated December 13, 1990, the Inspector General shall be responsible for audit of financial statements within the Department. The audits are required to be completed by June 30 in the year following the fiscal year for which the financial statements were prepared.

Nature of Change. The increase of \$4,461,000 will fund the staffing and related activities necessary to audit the financial statements for the Farmer's Home Administration, the Forest Service, and for an audit of the Department-wide consolidated financial statements.

- (c) A total increase of \$3,476,000 for pay costs which consists of \$1,175,000 for the annualization of the 1991 pay raise and \$2,301,000 for the 1992 pay raise.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS

1990 and Estimated 1991 and 1992

Locations -----	FY 1990 -----		FY 1991 -----		FY 1992 -----	
	Amount -----	Staff- Years -----	Amount -----	Staff- Years -----	Amount -----	Staff- Years -----
California.....	4,580,666	88	4,923,866	92	5,780,271	97
District of Columbia..	15,132,427	145	16,266,550	151	19,095,782	159
Georgia.....	6,907,597	124	7,425,139	130	8,716,589	137
Illinois.....	5,421,718	104	5,827,933	109	6,841,582	115
Maryland.....	5,502,052	108	5,914,285	111	6,942,953	117
Missouri.....	7,631,765	143	8,203,565	149	9,630,419	157
New York.....	1,574,427	29	1,692,388	31	1,986,744	33
Texas.....	4,955,025	93	5,326,274	97	6,252,670	103
Subtotal on Available or Estimate.....	51,705,677	834	55,580,000	870	65,247,010	918
Unobligated balance...	73,323	--	--	--	--	--
Total, Appropriation..	51,779,000	834	55,580,000	870	65,247,010	918

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Purpose Statement

The Office of Budget and Program Analysis provides overall direction and administration of the Department's budgetary function including development, presentation, and execution of the budget; review of program and legislative proposals for program and budget implications; and analysis of program issues and alternatives and preparation of summaries of pertinent data to aid Departmental policy officials and agency program managers in the decision-making process.

The Office of Budget and Program Analysis is located in Washington, D.C. As of September 30, 1990, there were 74 full-time permanent employees and one other than full-time permanent employee.

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

	:	1990	:	1991	:	1992	:
	:	Actual	:	Estimated	:	Estimated	:
Item	:	Amount	:	Staff	:	Staff	:
	:	Years	:	Amount	:	Years	:
Direct Appropriation...	:	\$4,522,000:	:	74:	:	\$4,971,000:	:
	:		:		:	74:	:
	:		:		:		:
	:		:		:		:
Obigations Under Other	:		:		:		:
USDA /Appropriations:	:		:		:		:
	:		:		:		:
Personnel Details.....	:	6,938:	:	--:	:	---	:
	:		:		:		:
Total, Agriculture	:		:		:		:
Appropriations.....	:	4,528,938:	:	74:	:	4,971,000:	:
	:		:		:	74:	:
	:		:		:		:
Total, Office of Budget:	:		:		:		:
and Program Analysis..:	:	4,528,938:	:	74:	:	4,971,000:	:
	:		:		:	74:	:

Full-time Equivalent	1990	1991	1992
Staff-Years:	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>
Ceiling.....	74	74	74
Non-Ceiling.....	1	1	1
Total.....	<u>75</u>	<u>75</u>	<u>75</u>

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Permanent Positions by Grade and Staff-Year Summary1990 and Estimated 1991 and 1992

	1990	1991	1992
Grade : Headquarters	Headquarters	Headquarters	Headquarters
ES-6.....	3	3	3
ES-5.....	2	2	2
GS/GM-15.....	8	8	8
GS/GM-14.....	19	19	19
GS/GM-13.....	17	17	17
GS-12.....	3	3	3
GS-11.....	4	4	4
GS-10.....	1	1	1
GS-9.....	2	2	2
GS-8.....	2	2	2
GS-7.....	7	7	7
GS-6.....	3	3	3
GS-5.....	5	2	2
GS-4.....	1	0	0
GS-3.....	1	1	1
Total Permanent Positions.....	78	74	74
Unfilled Positions end-of-year.....	-4	0	0
Total, Permanent Employment, end-of-year	74	74	74
Staff-Years:			
Ceiling.....	74	74	74
Non-ceiling.....	1	1	1
TOTAL	75	75	75

OFFICE OF BUDGET AND PROGRAM ANALYSIS

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters	<u>\$3,534,346</u>	<u>\$4,013,000</u>	<u>\$4,297,000</u>
11 Total personnel compensation	3,534,346	4,013,000	4,297,000
12 Personnel Benefits.....	491,415	579,000	627,000
13 Benefits for former personnel.....	<u>4,652</u>	<u>4,000</u>	<u>4,000</u>
Total pers. comp & benefits...	<u>4,030,413</u>	<u>4,596,000</u>	<u>4,928,000</u>
Other Objects:			
21 Travel.....	17,672	10,000	10,000
22 Transportation of things.....	87	---	---
23.2 Rental payments to others....	12,888	---	---
23.3 Communications, utilities, and misc. charges.....	59,969	88,000	108,000
24 Printing.....	60,724	69,000	69,000
25 Other services.....	96,342	112,000	168,000
26 Supplies and materials.....	83,281	42,000	112,000
31 Equipment.....	<u>138,995</u>	<u>54,000</u>	<u>154,000</u>
Total other objects.....	<u>469,958</u>	<u>375,000</u>	<u>621,000</u>
Total direct obligations.....	<u>4,500,371</u>	<u>4,971,000</u>	<u>5,549,000</u>
<u>Position Data:</u>			
Average Salary, ES positions.....	\$82,720	\$106,820	\$112,161
Average Salary, GM/GS position....	\$46,743	\$48,660	\$51,093
Average Grade, GM/GS positions....	11.75	11.75	11.75

OFFICE OF BUDGET AND PROGRAM ANALYSIS

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Office of Budget and Program Analysis

For necessary expenses of the Office of Budget and Program Analysis, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed \$5,000 is for employment under 5 U.S.C. 3109, [~~\$4,971,000~~]\$5,549,000.

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Appropriations Act, 1991	\$4,971,000
Budget Estimate, 1992	<u>5,549,000</u>
Increase in Appropriation	<u>+578,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Budget and Program Analysis	\$4,971,000	+\$332,000	+\$246,000	\$5,549,000

PROJECT STATEMENT
(on basis of appropriation)

	: 1990	: 1991	:	: 1992
	: Actual	: Estimated	: Increase	: Estimated
	: Staff:	: Staff:	: or	: Staff
	: Amount	: Amount	: Decrease	: Amount
	: Years:	: Years:		: Years:
1. Budget and Program	:	:	:	:
Analysis...	\$4,500,371: 74:	\$4,971,000: 74:	+\$578,000	\$5,549,000: 74
Unobligated:	:	:	:	:
Balance...	21,629: --:	---: --:	---	---
Total available:	:	:	:	:
or estimate...	4,522,000: 74:	4,971,000: 74:	+\$578,000(1):	5,549,000: 74

Explanation of Program

The Office of Budget and Program Analysis provides direction and administration of the Department's budgetary functions including development, presentation, and execution of the budget; reviews program and legislative proposals for program and budget and related implications; analyzes program and resource issues and alternatives, and prepares summaries of pertinent data to aid Departmental policy officials and agency program managers in the decision-making process; provides Department-wide coordination for and participation in the presentation of budget related matters to the Committees of the Congress, the press, and the public. It also provides Department-wide coordination of the preparation and processing of legislative programs and reports; provides Department-wide coordination and processing of regulations; and aids the Secretary and other Departmental agency officials in making management decisions regarding the Department's programs and resources.

OFFICE OF BUDGET AND PROGRAM ANALYSIS
JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$578,000 for budget and program analysis consisting of:
(a) An increase of \$246,000 for ADP equipment and related services.

Need for change. Since 1982, the staffing level for this small office has declined by almost 20 percent from 92 staff-years to 74 staff-years in 1990. During the same period workload associated with the development, presentation and execution of the Department's budget has steadily increased. Workload increases have been met through an aggressive program to automate activities and to reduce paperwork to minimum levels. However, even with these efforts it is not possible to sustain current quantity and quality of work without modest additional resources.

The Office undertook a phased installation of automated capability beginning in 1983. Since that time, automated activities have become increasingly more expensive and more essential to the analysis of rapidly changing program and budget issues. The Office is on-line with several computer systems in OMB which are used to prepare the President's budget documents and a wide array of special analyses. In addition, the Office uses its automation capability to monitor and track status of key legislative and regulatory issues to perform budget and program analyses, and to prepare an extensive array of budget and program tables, summaries, and issue papers designed to serve USDA agencies, Department policy officials, and Congressional committees. The existing equipment has been used far beyond its expected life cycle and maintenance parts are no longer available.

Nature of Change. Funds would be used to continue the gradual replacement and upgrade of existing hardware and software that have exceeded expected systems life. The upgrade and replacement would continue to be phased over three years during the 1990's. The new equipment will enhance response time for users, improve reliability, and improve communications capability by facilitating links with other equipment and operating systems, such as those of Departmental agencies and the central guidance agencies.

- (b) A total increase of \$332,000 for pay costs which consists of \$164,000 for the annualization of the 1991 pay raise and \$168,000 for the 1992 pay raise.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1990 and Estimated 1991 and 1992

	<u>1990</u>		<u>1991</u>		<u>1992</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>
Washington, D.C.	\$4,500,371	74	\$4,971,000	74	\$5,549,000	74
Unobligated balance	21,629	--	--	--	--	--
Total, Available or Estimate	<u>4,522,000</u>	<u>74</u>	<u>4,971,000</u>	<u>74</u>	<u>5,549,000</u>	<u>74</u>

OFFICE OF THE GENERAL COUNSEL

Purpose Statement

The Office of the General Counsel, which, prior to 1955, was known as the Office of the Solicitor, was established in 1910 (70 Stat. 742) as the law office of the Department of Agriculture.

The Office provides all essential and necessary legal advice and services for the Department's ongoing programs. The headquarters legal staff is divided into four sections: (1) Regulatory and Marketing; (2) International Affairs, Commodity Programs and Food Assistance Programs; (3) Community Development and Natural Resources; and (4) Legislation, Litigation and Research and Operations.

Geographic Locations. The work of this office is carried out in Washington, D.C., and five regions which include 22 locations as follows:

Southern Region:

Atlanta, Georgia
Hato Rey, Puerto Rico
Jackson, Mississippi
Montgomery, Alabama
Raleigh, North Carolina

Central Region:

Kansas City, Missouri
Lincoln, Nebraska
Little Rock, Arkansas
Stillwater, Oklahoma
Temple, Texas

Mountain Region:

Denver, Colorado
Albuquerque, New Mexico
Missoula, Montana
Ogden, Utah

Pacific Region:

San Francisco, California
Juneau, Alaska
Portland, Oregon

Northern Region:

Harrisburg, Pennsylvania
Chicago, Illinois
Columbus, Ohio
Milwaukee, Wisconsin
Richmond, Virginia

As of September 30, 1990, the office had 387 employees of which 362 were permanent full-time employees and 25 were categorized as other employees. There were 170 permanent full-time employees and 14 other employees located in Washington, D.C., and 192 permanent full-time employees and 11 other employees in the field.

OFFICE OF THE GENERAL COUNSEL

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

Item	1990		1991		1992	
	Actual		Estimated		Estimated	
	Amount	Staff: Years	Amount	Staff: Years	Amount	Staff: Years
Office of the General Counsel	\$21,525,000:	363	\$23,130,000:	403	\$25,865,000:	425
<u>Obligations under other</u>						
<u>USDA appropriations:</u>						
FS-Bernardi Case	91,251:	2	150,000:	2	150,000:	2
FS-Timber Sales	38,631:	1	63,000:	1	63,000:	1
Total, Other USDA Appropriations	129,882:	3	213,000:	3	213,000:	3
:						
Total, Office of the General Counsel	21,654,882:	366	23,343,000:	406	26,078,000:	428

Full-time Equivalent Staff-Years:	1990 <u>Actual</u>	1991 <u>Estimated</u>	1992 <u>Estimated</u>
Ceiling	366	406	428
Non-Ceiling	3	3	3
Total	<u>369</u>	<u>409</u>	<u>431</u>

OFFICE OF THE GENERAL COUNSEL

Permanent Positions by Grade and Staff-Year Summary
1990 and Estimated 1991 and 1992

Grade	1990			1991			1992		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
Executive Level IV	1	1	2	1	1	2	1	1	2
ES-6	1	1	2	1	1	2	1	1	2
ES-5	4	4	8	4	4	8	4	4	8
ES-4	6	1	7	6	1	7	6	1	7
ES-3	1	1	2	1	1	2	1	1	2
ES-2	2	1	3	2	1	3	2	1	3
ES-1	--	3	3	--	3	3	--	3	3
GS/GM-15	24	9	33	24	9	33	27	9	36
GS/GM-14	39	63	102	41	60	101	42	63	105
GS-13	28	13	41	30	19	49	34	20	54
GS-12	12	14	26	15	22	37	18	24	42
GS-11	18	3	21	23	7	30	27	8	35
GS-9	1	7	8	1	9	10	1	9	10
GS-8	8	7	15	8	9	17	8	9	17
GS-7	12	14	26	15	13	28	15	13	28
GS-6	10	24	34	9	26	35	9	26	35
GS-5	3	24	27	5	27	32	5	27	32
GS-4	1	7	8	1	10	11	1	10	11
GS-3	1	0	1	1	1	2	1	1	2
GS-2	--	2	2	--	1	1	--	1	1
Total Permanent Positions	172	192	364	188	218	406	203	225	428
Unfilled Positions, end-of-year	-2	--	-2	--	--	--	--	--	--
Total Permanent Employment, end-of-year	170	192	362	188	218	406	203	225	428
Staff-Years Ceiling	173	193	366	188	218	406	203	225	428
Non-Ceiling	1	2	3	1	2	3	1	2	3
TOTAL	174	195	369	189	220	409	204	227	431

OFFICE OF THE GENERAL COUNSEL

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters	\$8,305,537	\$8,917,000	\$10,009,000
Field	<u>7,441,641</u>	<u>8,255,000</u>	<u>8,877,000</u>
11 Total Personnel Compensation	15,747,178	17,172,000	18,886,000
12 Personnel Benefits	2,785,189	3,081,000	3,396,000
13 Benefits for former personnel	<u>11,632</u>	<u>11,000</u>	<u>11,000</u>
Total Pers. Comp. & Benefits	<u>18,543,999</u>	<u>20,264,000</u>	<u>22,293,000</u>
Other Objects:			
21 Travel	309,945	345,000	573,000
22 Transportation of things	13,531	10,000	35,000
23 Communications, utilities and other rent	926,560	1,159,000	1,434,000
24 Printing and reproduction ...	36,086	30,000	33,000
25 Other services	445,286	386,000	435,000
26 Supplies and materials	670,910	492,000	516,000
31 Equipment	553,762	444,000	546,000
43 Interest Penalty	<u>1,682</u>	<u>- -</u>	<u>- -</u>
Total Other Objects	<u>2,957,762</u>	<u>2,866,000</u>	<u>3,572,000</u>
Total Direct Obligations	<u>21,501,761</u>	<u>23,130,000</u>	<u>25,865,000</u>

Position Data:

Average Salary, ES positions	\$78,080	\$92,695	\$106,599
Average Salary, GM/GS positions	\$41,067	\$42,330	\$43,664
Average Grade, GM/GS positions	10.92	11.22	11.67

OFFICE OF THE GENERAL COUNSEL

The estimates include appropriation language for this item as follows
(new language underscored; deleted matter enclosed in brackets):

Office of the General Counsel:

For necessary expenses of the Office of the General Counsel, .
[\$23,130,000]. \$25,865,000

OFFICE OF THE GENERAL COUNSEL

Appropriation Act, 1991	\$23,130,000
Budget Estimate, 1992	<u>25,865,000</u>
Increase in Appropriation	<u>+2,735,000</u>

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Cost</u>	<u>Program Change</u>	<u>1992 Estimated</u>
Legal Services	<u>\$23,130,000</u>	<u>\$1,424,000</u>	<u>+\$1,311,000</u>	<u>\$25,865,000</u>

PROJECT STATEMENT
(on basis of appropriation)

	<u>: 1990 Actual</u>	<u>: 1991 Estimated</u>	<u>: 1992 Estimated</u>
	<u>: Staff:</u>	<u>: Staff:</u>	<u>: Staff:</u>
<u>Project</u>	<u>: Amount</u>	<u>: Amount</u>	<u>: Amount</u>
	<u>: Years</u>	<u>: Years</u>	<u>: Years</u>
Legal Services	\$21,501,761: 363	\$23,130,000: 403	\$25,865,000: 425
Unobligated	:	:	:
balance	23,239: - -	- -: - -	- -: - -
Total, Appropri-	:	:	:
ation.....	\$21,525,000: 363	\$23,130,000: 403	\$25,865,000: 425

EXPLANATION OF PROGRAM

The General Counsel is the chief law officer of the Department and is responsible for providing legal services for all programs, operations, and activities of the Department. The General Counsel is assisted by a Deputy General Counsel and four Associate General Counsels, each of whom is responsible for a portion of the legal work of the Department. The functions of this Office are performed in the Washington office and in five regions which include 22 locations. The Law Library was transferred from the National Agricultural Library in 1982.

The regional offices handle legal work relating to the activities of the Agricultural Stabilization and Conservation Service, Agricultural Marketing Service, Commodity Credit Corporation, Farmers Home Administration, Federal Crop Insurance Corporation, Forest Service, Soil Conservation Service, and the Food and Nutrition Service. By delegation of the General Counsel, legal work relating to other programs and activities of the Department may be handled by a field office.

Legal Advice. The Office of the General Counsel issues both formal and informal opinions on legal questions arising in the administration of the Department's programs; prepares or reviews administrative rules and regulations applicable to the public; drafts proposed legislation; prepares or interprets contracts, mortgages, leases, deeds, and similar documents; prepares patent applications arising out of inventions by Department employees; and considers and determines claims by and against the United States arising out of the Department's activities.

Administrative Proceedings. The Department is represented by the General Counsel in administrative proceedings for the promulgation of rules having the force and effect of law and in quasi-judicial hearings held in connection with the administration of various USDA programs.

Civil Litigation. Civil litigation arising out of the Department's work is handled by the Department of Justice, with attorneys of the Office of the General Counsel assisting in the preparation and trial of such cases. The General Counsel represents the Secretary in administrative proceedings before the Interstate Commerce Commission involving freight rates on farm commodities and in appeals from the decisions of the Commission to the courts. By delegation, the Associate General Counsel for Legislation, Litigation, Research and Operations represents the Department in certain classes of cases before the United States Courts of Appeals.

Criminal Litigation. Criminal cases are reviewed for the purpose of referring them to the Department of Justice.

Field Office Specialization Project (FOSP). Farmers Home Administration (FmHA) plans to improve the management of its inventory of farm properties, provide additional counseling assistance to farm and housing borrowers, and expedite the settlement of appeals from farm borrowers. As part of this effort, FmHA will transfer 75 staff years and approximately \$4,661,000 on an annual basis (56 staff years and approximately \$3,500,000 in FY 1991 resources) to OGC to provide additional litigation assistance.

These estimates were not included in the FY 1991 and FY 1992 budget submissions since negotiations are still ongoing. However, OGC will continue to keep the Congress informed as this initiative develops.

JUSTIFICATION OF INCREASES

- (1) An increase of \$2,735,000 for the Office of General Counsel consisting of:
 - (a) An increase of \$1,311,000 for general expansion of staff.

Need for Change. The overall staffing level for the Office of the General Counsel has remained relatively constant over the past 20 years. Except for the addition of six pilot offices, and approximately 20 staff years, introduced in the early 1980's which were designed to handle only legal work for Farmers Home Administration, and 13 staff years for predecisional environmental legal work for the Forest Service approved in FY 1991, no substantial additions to staff have been sought or received. During the same 20-year period, OGC's responsibilities and workload have grown dramatically.

Constant legislative changes have modified existing programs and added new programs resulting in tremendous numbers of new and more complex legal questions, more regulatory work and substantial litigation. With every enactment of a new farm bill -- in 1973, 1977, 1981, 1985 and 1990 have come major changes in the farm programs, the food stamp and other feeding programs, the Farmers Home Administration lending programs, and the Department's numerous inspections programs. In addition, many new government-wide statutes have been enacted in such areas as freedom of information, privacy, advisory committee management, procurement, contract disputes, civil service reform, and government ethics. Also, there have been new national forest management mandates, combined with the increased application of complex major environmental laws. The additional workload in all OGC program areas has been matched by burgeoning litigation responsibilities.

As a result, the Department is not getting the legal counsel it requires. The Office has been operating in a crisis mode for much of the past few years, too often having to provide merely "band-aid" legal services. In too many cases, OGC attorneys are simply unable to be involved at the planning or predecisional stage of client agency initiatives.

OGC's client agencies have indicated they find the quality of OGC's work to be good but the quantity is sorely lacking. Most agencies recognize the need to significantly increase OGC staff to obtain the support needed for their agency.

Currently, OGC cannot provide the predecisional counsel the clients want and inevitable delays in responding to requests for legal advice often deter clients from asking. The devotion of the substantial resources requested are needed to change the current pattern significantly and begin to provide the Secretary and the Department's agencies with legal services that approach an appropriate level.

The issue confronting OGC is how to meet the demand for increased traditional legal services and at the same time meet current and projected substantial increased demands for more predecisional, training, appeal and litigation legal services.

Nature of Change

The increased budget request would support 22 additional positions. The bulk of the positions (16) would be for the Washington Offices and the remainder (6) for field offices. The additional resources would be used to reduce backlogs, reduce the time now required to review matters, particularly routine matters, provide increased preventive law involvement and counsel, and generally increase the level of legal services provided by the Office. Particular emphasis would be placed on providing additional services in the procurement and EEOC hearings areas. Consideration will also be given to alleviating the extreme shortage of secretarial assistance for attorneys serving in the Washington headquarters.

The following give a very brief synopsis of the problems faced by all of the different areas of the Office:

Administration and Resource Management

As the Office of the General Counsel grows and its workload increases in both quantity and complexity, the administrative infrastructure must keep pace. With the continued expansion and maintenance of the office automation system, development and implementation of the data base management system, new requirements for space, continued refinement of the National Law Office concept and new projects which require analysis and management oversight, additional personnel resources are needed to effectively and efficiently manage the Administration and Resource Management functions of the Office of the General Counsel. Management of a law office of the size of OGC is now considered to be as crucial as the management of any other departmental agency.

Electric and Telephone Division

The Electric & Telephone Division (E&T) provides all of the legal services to the Rural Electrification Administration (REA) and the Rural Telephone Bank (RTB). The core of REA's program is to assist the electric utility industry. That industry finds itself at the center of nearly every environmental debate, be it air pollution, water pollution, electromagnetic fields, PCB's, hazardous wastes or global warming. This fast developing, often controversial, body of environmental law will demand greater attention by E&T. REA projects will require greater environmental review to assure compliance with the National Environmental Policy Act and to withstand the legal challenges that are more likely to come.

In addition to the increased environmental work, changes in the law, the industry, and the client's mission have all resulted in changes in the nature of the E&T workload. These are manifested in complex litigation, utility bankruptcies, debt restructuring and conflicts with State public service commissions. This type of legal work is non-standardized, labor-intensive and extremely complex. Supplemental financing arrangements to facilitate private financing are also more complex and lengthy. An REA effort to rewrite and reorganize its existing regulations, bulletins, and staff instructions over a period of years has also required additional legal assistance.

Natural Resources Division

Natural Resources Division provides program advice to the Forest Service and the Soil Conservation Service. Relevant statutes that affect the programs of these agencies have increased substantially in the past 20 years. These include the National Environmental Policy Act, Endangered Species Act, National Forest Management Act and other major environmental laws. Requests for legal services and litigation support have increased proportionately. For example, there have been significant workload changes in the areas of timber sale contract defaults and disputes, administrative appeals, disposition of mineral and energy resources occurring on National Forest System lands, hazardous waste and natural resources damage recovery, and litigation involving land and resource management plans and water rights.

Controversies involving the spotted owl in the Pacific Northwest, preservation of old growth, biodiversity, global warming, the Mt. Graham red squirrel, the red-cockaded woodpecker in the Southeast and hundreds of forest plan administrative appeals reflect the rapidly expanding need for legal resources.

As a result of the increase in higher priority matters, some work such as the handling of opinion and counseling requests have had to be delayed. Longer term problems such as timber sale contract revision and Forest Service and Soil Conservation Service Manuals and Handbook reviews have been deferred. Timber sale contract default litigation and debt collection have not received the vigorous treatment deserved.

Legal assistance to the Soil Conservation Service, particularly with regard to appeals and specific compliance problems, is increasing as the final phase of compliance under the Food Security Act of 1985 is implemented.

Community Development Division

Farmers Home Administration legal work will continue to increase. About 90% of the pending 30,000-plus law suits involving USDA are FmHA cases. Although these cases will be handled primarily by the field offices, the coordination and resolution of new legal questions arising from the Consolidated Farm and Rural Development Act, the Housing Act of 1949, and other FmHA legislation will result in additional work in Washington. There is also a need to provide additional legal assistance earlier in the regulation writing process.

Food and Nutrition Division

Numerous and complex amendments in the 1990 Farm Bill will bring about significant changes to Food and Nutrition Service programs during FY 1992. FY 1992 will also see final implementation of the 1988 amendments to the Food Stamp Act of 1977 which impose entirely new responsibilities. For the first time, OGC will be required to conduct complex administrative litigation before the Department's Administrative Law Judges on all state Food Stamp Program quality control appeals. The initial round of cases may involve as many as 42 states and more than \$180 million in claims.

In addition to these increased mandatory services, overall service to OGC clients can and should be improved through earlier involvement in the rulemaking and legislative processes and through special projects and initiatives, such as client training. Additional training in the areas of regulatory drafting, preparation of administrative records for rulemaking and adjudicative proceedings and preparation of a rulemaking handbook for use by agency staff would be particularly helpful to the client.

International Affairs and Commodity Programs Division

The goal of the present administration to increase exports has substantially increased the workload in the international affairs area. The Office will continue to be involved in major General Agreement on Tariffs and Trade (GATT) dispute settlement proceedings. The President's proposed initiatives with respect to the Latin American countries and Caribbean area will increase the legal work for this division. If the Uruguay Round negotiations are successful, the Office will be involved with implementing changes resulting from those negotiations. If they are not successful, there will no doubt be even more agricultural trade disputes brought before the GATT and United States Trade Representatives, which will require extensive OGC involvement.

Substantial legal assistance is required in implementing changes in programs resulting from the 1990 Farm Bill. Federal crop insurance and disaster assistance programs will require particular attention. The increased emphasis on conservation and environmental issues has and will continue to increase the work of this division. Because of the workload, only priority items can now be handled in a timely manner.

Marketing Division

The Marketing Division provides legal services to five client agencies that are engaged in regulatory, marketing and enforcement activities critical to USDA's mission. Over the past five years, there has been a steady increase in requests for legal services. One of the principal reasons for this has been the addition of new programs and expansion of existing statutory authorities. During this period, the Department, pursuant to new statutory authorities, established new research and promotion programs for beef, pork, honey and watermelons. In addition, the 1985 Farm Bill expanded significantly the Secretary's authority under the Animal Welfare Act and extended the Secretary's jurisdiction under the Virus-Serum-Toxin Act to all veterinary biologics including those manufactured and shipped in intrastate commerce. The Agricultural Marketing Service has added several new marketing orders. Further, in 1988, Congress enacted administrative civil penalty authority for certain violations of marketing orders issued under the Agricultural Marketing Agreement Act. New grain quality authorities were given to the Federal Grain Inspection Service. The 1990 Farm Bill adds additional new programs.

In the face of the increased workload, it has become even more difficult to provide timely and effective legal advice and service. The most usual result of the backlog has been delay in reviewing and clearing agency rulemakings and correspondence, and in providing legal advice within requested timeframes. An equally important, but perhaps more important, result has been the impairment of the ability to provide critical advice at an early stage when agency policy is being developed and key decisions are made.

Regulatory Division

The volume of work generated by the programs of APHIS, FSIS and AMS has increased especially with respect to complex litigation involving APHIS programs, FSIS rulemaking dockets and food safety legislation involving the regulation of pesticides and pesticide residues in food. There will be an increase in the need for legal services by APHIS with regard to NEPA and other environmental matters, such as compliance with the Endangered Species Act, in connection with APHIS programs involving the application of pesticides. There will also be an increase in cases referred for criminal or administrative action concerning the shipment of prohibited fruit from Hawaii to the mainland. Other areas, such as the new Salmonella enteritidis (SE) regulations, activities of the SE Task Force, and the Animal Damage Control Program will require additional legal efforts. Additional resources are needed to provide increased legal advice on environmental matters, additional predecisional legal advice, more training, and more timely review of rulemaking dockets and food safety legislation.

Trade Practices Division

The demand for legal services by the Trade Practices Division will continue to increase during FY 1992, with the major increase in the area of Perishable Agricultural Commodities Act (PACA) reparation cases. Prior to 1985, the Division received about 200 PACA reparation cases a year. Since 1985, the number received has averaged about 300 per year. Based on current referrals, the Division will receive about 400 cases per year. This will cause a backlog and increase the time to decide these cases.

The Division's principal responsibility of prosecuting administrative enforcement cases under the Packers and Stockyards Act (P&SA) and the PACA continues to create an increased workload. While the number of cases is fairly constant, more cases are being litigated because of a more severe sanctions policy by the agency, thus requiring more attorney time to prepare and prosecute these cases. In addition, the Division has received new responsibilities in connection with PACA statutory trust, "clear title" provisions of the 1985 Farm Bill, a P&SA poultry trust, and new poultry administrative enforcement jurisdiction. All of this means that the PACA reparation case backlog is increasing, statutory trust matters receive only minimal legal resources, and little assistance is provided the agencies during the investigational stages of cases.

Research and Operations Division

There is a pressing need to dedicate more legal resources to the work of the science and education agencies. Because of new programs, such as competitive grants and changes to existing programs, legal services are required on a continuing basis for the interpretation and application of program legislation and appropriations; the negotiation, award and administration of research contracts, grants, cooperative agreements, and cooperative technology transfer agreements; patent prosecution and licensing; and compliance with Federal, State, and local environmental laws and regulations. For example, an increasing amount of time is required by OGC to advise the agency and review the environmental assessments that Cooperative State Research Service must prepare prior to funding deliberate release experiments. At present, we are providing advice sporadically. The direct consequence is the slowing down of the approval process of proposals for biotechnology research, which could impede our ability to compete with foreign countries in this emerging area.

With the increased emphasis by the Administration on the environment and the increased level of research anticipated for FY 1992, we expect that the legal services required in the area of hazardous waste will intensify. We are able to provide legal advice only after violations occur. There is a need to develop a preventive program.

Increased legal resources are needed in the procurement area to enable the Division to reestablish its involvement in Department procurement policy through more thorough and complete review of proposed laws, regulations and directives, and to resume representation of Department agencies in protest actions filed with the General Accounting Office. For example, because of lack of resources last year we had to stop representing USDA agencies in procurement protests filed with the General Accounting Office. Last year, 80 such protests were filed. We believe that currently we are the only Federal legal office that does not provide representation for its client contracting officers in such matters. Our current staffing level also does not permit us to routinely advise the Department contracting officers on performance problems and the handling of claims. As a result, it is unknown how many claims could be avoided and how many invalid claims are paid in order to avoid disputes.

The Federal Acquisition Regulations require that determinations to debar or suspend contractors from doing business with the Government be reviewed by legal counsel and decisions to debar may be appealed to the Agriculture Board of Contract Appeals. Activity in this area is expected to increase and the need for additional legal services will increase proportionately.

The Equal Employment Opportunity Commission (EEOC) has recently notified the Department that EEO officials will not be permitted to represent an agency at hearings on EEO complaints involving that agency, as they currently have been doing in many cases. Additional legal resources are required to provide representation for USDA agencies in these hearings before the EEOC, as well as in hearings before the Merit Systems Protection Board and the Federal Labor Relations Authority.

Legislative Division

The principal responsibility of the Legislative Division is to assure competent legal review and clearance of legislative proposals and reports and of written Congressional testimony. The volume of Congressional testimony referred to OGC for clearance has approximately doubled over the past ten years. The volume of OMB requests upon which OGC must comment has increased substantially also. There is every reason to expect that the increase in the number of matters handled in the next few years will not abate.

Litigation Division

Division attorneys specialize in appellate litigation. In recent years there have been ever increasing demands for legal services associated with this litigation. These demands reflect a general tendency to be litigious. In FY 1990 Division attorneys had full responsibility for 33 appellate cases, and they obtained favorable results in 14 of the 19 cases decided by the United States Courts of Appeals. In addition, Division attorneys reviewed and made contributions to many briefs and arguments presented in other important appellate cases involving the Department's programs but handled by Justice Department attorneys, and the Division prepares the Department's recommendations to the Solicitor General on whether to appeal adverse decisions of various courts.

Regional and Branch Offices

The five OGC regional and seventeen OGC branch offices provide legal services to numerous USDA agencies with field organizations, principally the Agricultural Marketing Service, Agricultural Stabilization and Conservation Service, Farmers Home Administration, Food and Nutrition Service, Forest Service and Soil Conservation Service. The field offices have responsibility for about 96% of all the litigation involving the Department. The largest number of cases arises from the activities of the FmHA. The need for legal services by FmHA in all their activities, but particularly with regard to rural housing and farmer program matters, will continue to increase.

The projected workload of OGC clients necessitates two organizational challenges in meeting traditional and new demands for legal services. First, current and future workload response requires a strong Regional OGC structure which has the centralized capability to provide for a sophisticated and reliable exchange of information, coordinated and consistent legal services throughout the Region, and flexibility to provide highly specialized direct legal support and training to clients and OGC branch offices. Second, the agency clients' needs necessitate an increased capability of OGC to provide decentralized legal assistance to the Forest Supervisor, District Ranger, and District, State and County FmHA, ASCS and SCS offices. These challenges and needs will result in additional demands on OGC.

Work for the Forest Service is performed by all the regions. All aspects of FS work will be heavy with strong activity in such areas as land acquisitions and exchanges, claims work, contract servicing, oil and gas and other mineral leasing, and hazardous waste matters. Environmental litigation will continue to demand increased legal services, and administrative appeals of Forest Service decisions will increase substantially. Predecisional environmental work demands will be the heaviest ever experienced by the Office.

The Forest Service is not unique in its increased need for timely preventive legal services. The FmHA, ASCS, and SCS in addition to their traditional lending, support and contracting programs are currently and will become increasingly confronted with the need to meet legal challenges concerning water quality, hazardous wastes, wetlands, pesticides, herbicides and other environmental quality issues. These issues will arise as a result of management of inventoried property as well as environmental considerations tied to their future lending, support and contracting programs. Requirements for legal services will increase proportionately.

In the Pacific Region, the Agricultural Marketing Service has made considerable demands in its enforcement and compliance work, as well as in assisting individual marketing order committees on legal matters arising from administration of the marketing orders.

- (b) An total increase of \$1,424,000 which consists of \$664,000 for the annualization of the 1991 pay raise and \$760,000 for the 1992 pay raise.

Office of the General Counsel
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1990 and Estimated 1991 and 1992

	<u>1990</u>		<u>1991</u>		<u>1992</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>
Alabama.....	\$ 202,961	5	\$ 218,330	6	\$ 255,000	6
Alaska.....	200,145	3	215,302	4	242,000	4
Arkansas.....	561,100	12	603,590	13	648,000	13
California.....	972,528	17	1,046,174	20	1,365,000	22
Colorado.....	762,932	15	820,706	16	974,000	18
District of Columbia...	12,079,057	173	12,993,754	187	13,951,000	202
Georgia.....	1,257,842	26	1,353,093	30	1,656,000	32
Illinois.....	466,719	10	502,062	10	557,000	10
Kansas	761,593	14	819,265	15	992,000	15
Mississippi.....	181,615	4	195,368	5	222,000	5
Montana.....	343,725	8	369,754	8	413,000	8
Nebraska.....	162,252	4	174,539	4	227,000	4
New Mexico.....	258,042	5	277,582	6	337,000	6
North Carolina.....	130,356	3	140,227	4	161,000	4
Ohio.....	175,237	4	188,507	4	218,000	4
Oklahoma.....	225,557	5	242,637	5	288,000	5
Oregon.....	620,151	12	667,112	15	735,000	15
Pennsylvania.....	620,521	12	667,510	13	762,000	14
Puerto Rico.....	196,790	4	211,692	5	239,000	5
Texas.....	488,962	11	525,989	12	585,000	12
Utah.....	261,689	3	281,506	6	364,000	6
Virginia.....	138,373	4	148,851	4	174,000	4
Wisconsin.....	433,614	9	466,450	11	500,000	11
Subtotal, Available or Estimate.....	21,501,761	363	23,130,000	403	25,865,000	425
Unobligated balance....	23,239	--	--	--	--	--
Total, Available or Estimate.....	21,525,000	363	23,130,000	403	25,865,000	425

AGRICULTURAL RESEARCH SERVICE

Purpose Statement

The Agricultural Research Service was established on November 2, 1953, pursuant to authority vested in the Secretary of Agriculture by 5 U.S.C. 301 and Reorganization Plan No. 2 of 1953, and other authorities.

The research performed by the Agricultural Research Service (ARS) is authorized by the Department of Agriculture Organic Act of 1862 (7 U.S.C. 2201, 2204), the Research and Marketing Act of 1946, as amended (7 U.S.C. 427, 1621), the Food and Agriculture Act of 1977, as amended (7 U.S.C. 1281 note), and the Food Security Act of 1985 (7 U.S.C. 3101 note).

The Agricultural Research Service is responsible for conducting mission-oriented research on:

- Soil and Water Conservation
- Plant Sciences
- Animal Sciences
- Commodity Conversion and Delivery
- Human Nutrition
- Integration of Agricultural Systems

The research applies to a wide range of goals; commodities; natural resources; fields of science; and geographic, climatic and environmental conditions.

As the U.S. Department of Agriculture's in-house agricultural research agency, ARS has major responsibilities for conducting and leading the national agricultural research effort. ARS provides initiative and leadership in five areas:

- * Research on broad regional and national problems.
- * Research to support Federal action and regulatory agencies.
- * Expertise to meet national emergencies.
- * Research support for international programs.
- * Scientific resource to the Executive Branch and Congress.

The mission of ARS research is to develop new knowledge and technology which will insure an abundance of high quality agricultural commodities and products at reasonable prices to meet the increasing needs of an expanding economy and to provide for the continued improvement in the standard of living of all Americans. This mission focuses on the development of technical information and technical products which bear directly on the needs to (1) manage and use the Nation's soil, water, air, and climatic resources, and improve the Nation's environment; (2) provide an adequate supply of agricultural products by practices that will maintain a permanent and effective agriculture; (3) improve the nutrition and well-being of the American people; (4) improve living in rural America; and (5) strengthen the Nation's balance of payments.

Research is conducted at numerous field locations in the States, District of Columbia, Puerto Rico, the Virgin Islands, and in several foreign countries. Much of the work is conducted in direct cooperation with the State agricultural experiment stations, other State and Federal agencies, and private organizations.

Central offices of ARS are in the Washington, D.C. Metropolitan Area. The field activities are managed on a national basis through 8 Area Offices. Activities are carried out at 126 separate field locations. As of September 30, 1990, there were 6,880 full-time employees and 1,616 other than full-time employees. Of the total, 467 full-time employees and 25 other than full-time employees worked in the headquarters office.

AGRICULTURAL RESEARCH SERVICE

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

Item	1990 Actual		1991 Estimated		1992 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Direct Appropriation:						
Agricultural						
Research Service ...	\$585,923,400	7,995	\$624,085,000	7,988	\$663,127,000	8,028
Buildings and						
Facilities	12,658,118	--	41,016,000	--	46,100,000	--
Total, Direct						
Appropriation	598,581,518	7,995	665,101,000	7,988	709,227,000	8,028
Deduct Allotments to						
Other Agencies:						
Forest Service	-326,528	--	-361,000	--	-361,000	--
Net	598,254,990	7,995	664,740,000	7,988	708,866,000	8,029
Obligations from other						
<u>USDA Appropriations:</u>						
Agricultural						
Marketing Service ..	200,813	2	216,900	2	216,900	2
Animal and Plant						
Health Inspection						
Service	9,341,688	96	10,088,900	96	10,088,900	98
Federal Grain						
Inspection Service .	597,000	2	644,700	2	644,700	3
National Agricultural						
Library	556,957	2	601,500	2	601,500	3
Forest Service	628,165	2	678,400	2	678,400	3
Food Safety and						
Inspection Service..	1,495,365	3	1,615,000	3	1,615,000	4
Human Nutrition						
Information Service.	90,492	1	97,700	1	97,700	2
Office of Interna-						
tional Cooperation						
and Development	626,303	4	676,400	4	676,400	5
Soil Conservation						
Service	324,963	4	351,000	4	351,000	5
Cooperative State						
Research Service ...	319,646	2	345,200	2	345,200	3
Miscellaneous						
Reimbursements	110,449	1	119,300	1	119,300	1
Total, Other						
USDA Funds	14,291,841	119	15,435,000	119	15,435,000	129
Total, Agriculture						
Appropriations	612,546,831	8,114	680,175,000	8,107	724,301,000	8,157

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

Item	1990 Actual		1991 Estimated		1992 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Other Federal Funds:						
Department of Defense	721,310	3	779,000	3	779,000	3
Department of Energy.	516,985	3	558,400	3	558,400	3
Department of Health and Human Services..	1,759,781	6	1,900,700	6	1,900,700	6
Department of Interior.....	363,952	2	393,100	2	393,100	2
Department of State.....	807,326	2	872,000	2	872,000	2
Environmental Protection Agency...	950,451	3	1,026,500	3	1,026,500	3
Miscellaneous Reimbursement.....	532,677	2	575,300	2	575,300	2
Total, Other Federal Funds	5,652,482	21	6,105,000	21	6,105,000	21
Non-Federal Funds:						
State of California..	301,186	3	325,300	3	325,300	3
Binational Agriculture Research & Development Agreement (BARD) ..	550,633	7	594,800	7	594,800	7
Quarters and Subsistence	223,368	2	241,300	2	241,300	2
Miscellaneous Reimbursement	2,128,126	6	2,298,600	6	2,298,600	6
Total, Non-Federal Funds	3,203,313	18	3,460,000	18	3,460,000	18
Miscellaneous Contributed Funds..	6,412,112	54	7,500,000	54	7,500,000	54
Total, Agricultural Research Service.....	627,814,738	8,207	697,240,000	8,200	741,366,000	8,250

Full-Time Equivalent Staff-Years:	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>1992 Estimated</u>
Ceiling.....	8,207	8,200	8,250
Non-Ceiling.....	150	150	150
Total.....	<u>8,357</u>	<u>8,350</u>	<u>8,400</u>

Agricultural Research Service

Permanent Positions by Grade and Staff-Year Summary
1990 Actual and Estimated 1991 and 1992

Grade	1990 Actual			1991 Estimate			1992 Estimate		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES-6	1	--	1	1	--	1	1	--	1
ES-5	6	7	13	6	7	13	6	7	13
ES-4	1	12	13	1	12	13	1	12	13
ES-3	1	5	6	1	5	6	1	5	6
ES-2	--	1	1	--	1	1	--	1	1
GS-16	3	--	3	3	--	3	3	--	3
GS/GM-15	43	332	375	43	332	375	43	332	375
GS/GM-14	27	545	572	27	545	572	27	545	572
GS/GM-13	97	686	783	97	686	783	97	686	783
GS-12	77	639	716	77	639	716	77	639	716
GS-11	20	442	462	20	442	462	20	442	462
GS-10	1	16	17	1	16	17	1	16	17
GS-9	19	705	724	19	705	724	19	712	731
GS-8	1	286	287	1	286	287	1	286	287
GS-7	31	613	644	31	613	644	31	623	654
GS-6	65	559	624	65	559	624	65	564	629
GS-5	50	511	561	50	511	561	50	524	574
GS-4	22	350	372	22	350	372	22	357	379
GS-3	7	30	37	7	30	37	7	33	40
GS-2	--	4	4	--	4	4	--	4	4
GS-1	--	3	3	--	3	3	--	3	3

Agricultural Research Service
Permanent Positions by Grade and Staff-Year Summary
1990 Actual and Estimated 1991 and 1992

Grade	1990 Actual			1991 Estimate			1992 Estimate		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
Positions at Rates Established by Act June 20, 1958 (U.S.C. 3104) (ST).....	--	20	20	--	20	20	--	20	20
Grades Established under Foreign National Pay Plan Manual..	--	28	28	--	28	28	--	28	28
Ungraded Positions.....	--	628	628	--	628	628	--	633	633
Total Permanent Positions....	472	6,422	6,894	472	6,422	6,894	472	6,472	6,944
Unfilled Positions end-of-year	-6	-8	-14	--	--	--	--	--	--
Total, Permanent Employment end-of-year	466	6,414	6,880	472	6,422	6,894	472	6,472	6,944
Staff Years: Ceiling.....	496	7,711	8,207	496	7,704	8,200	496	7,754	8,250
Non-Ceiling..	10	140	150	10	140	150	10	140	150
TOTAL.....	506	7,851	8,357	506	7,844	8,350	506	7,894	8,400

AGRICULTURAL RESEARCH SERVICE

CLASSIFICATION BY OBJECTS1990 Actual and Estimated 1991 and 1992

	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>1992 Estimated</u>
Personnel Compensation:			
Headquarters.....	\$23,945,186	\$25,198,783	27,098,000
Field.....	<u>245,974,753</u>	<u>258,852,217</u>	<u>272,024,000</u>
11 Total Personnel Compensation.....	269,919,939	284,051,000	299,122,000
12 Personnel Benefits.....	52,841,682	55,800,000	58,760,000
13 Benefits for former employees..	<u>322,826</u>	<u>- -</u>	<u>--</u>
Total Pers. Comp. & Benefits.....	323,084,447	339,851,000	357,882,000
Other Objects:			
21 Travel and transportation of persons.....	9,748,601	10,256,000	10,287,000
22 Transportation of things.....	1,397,879	1,471,000	1,476,000
23 Communications, utilities and miscellaneous charges.....	28,289,577	29,761,000	29,848,000
24 Printing and reproduction.....	1,321,308	1,390,000	1,394,000
25 Other services.....	113,425,784	124,206,000	135,897,000
26 Supplies and materials.....	48,518,392	57,511,000	62,930,000
31 Equipment.....	33,942,995	39,168,000	42,859,000
32 Lands and Structures.....	16,233,747	46,021,000	47,322,000
41 Grants, subsidies, and contributions.....	<u>7,540,744</u>	<u>11,024,000</u>	<u>8,232,000</u>
Total Other Objects.....	<u>260,419,027</u>	<u>320,808,000</u>	<u>340,245,000</u>
Total Obligations.....	<u>583,503,474</u>	<u>660,659,000</u>	<u>698,127,000</u>
<u>Position Data:</u>			
Average Salary, ES positions.....	\$79,356	\$94,664	\$98,500
Average Salary, GM/GS positions.....	32,400	33,395	34,745
Average Grade, GM/GS positions.....	9.57	9.57	9.57
Average Salary of Ungraded positions.....	\$35,523	\$36,615	\$38,100

Note: Includes Salaries and Expenses and Buildings and Facilities Appropriations.

AGRICULTURAL RESEARCH SERVICE
(INCLUDING TRANSFERS OF FUNDS)

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Agricultural Research Service:

- For necessary expenses to enable the Agricultural Research Service to perform agricultural research and demonstration relating to production, utilization, marketing, and distribution (not otherwise provided for), home economics or nutrition and consumer use, and for acquisition of lands by donation, exchange, or purchase at a nominal cost not to exceed \$100, [~~\$621,585,000~~] \$660,627,000: Provided, That appropriations hereunder shall be available for temporary employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$115,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That funds appropriated herein can be used to provide financial assistance to the organizers of national and international conferences, if such conferences are in support of agency programs: Provided further, That appropriations hereunder shall be available for the operation and maintenance of aircraft and the purchase of not to exceed one for replacement only: [Provided further, That uniform
- 1 allowances for each uniformed employee of the Agricultural Research Service shall not be in excess of \$400 annually:] Provided further, That appropriations hereunder shall be available to conduct marketing research: Provided further, That appropriations hereunder shall be available pursuant to 7 U.S.C. 2250 for the construction, alteration, and repair of buildings and improvements, but unless otherwise provided the cost of constructing any one building shall not exceed \$250,000, except for greenhouses or greenhouses which shall each be limited to \$1,000,000, and except for ten buildings to be constructed or improved at a cost not to exceed \$500,000 each, and the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building or \$250,000, whichever is greater: Provided further, That the limitations on alterations contained in this Act shall not apply to modernization or replacement of existing facilities at Beltsville, Maryland: Provided further, That the foregoing limitations
- 2 shall not apply to replacement of buildings needed to carry out the Act of April 24, 1948 (21 U.S.C. 113a): [Provided further, that the foregoing limitations on purchase of land shall not apply to the purchase of land at Kimberly, Idaho:] Provided further, That not to exceed \$190,000 of this appropriation may be transferred to and merged with the appropriation for the Office of the Assistant Secretary for Science and Education for the scientific review of international issues involving agricultural chemicals and food additives: Provided further, That funds may be received from any State, other political subdivision, organization, or individual for the purpose of establishing or operating any research facility or research project of the Agricultural Research Service, as authorized by law.

Special Fund: To provide for additional labor, subprofessional, and junior scientific help to be employed under contracts and cooperative agreements to strengthen the work at Federal research installations in the field, \$2,500,000.

Agricultural Research Service (continued)

1. The first change would delete language for uniform allowances. The Limitation is amended in section 202 of the Treasury, Postal Service and General Government Appropriations Act for 1991, P.L. 101-509. Due to this amendment it is unnecessary for individual agencies to reflect this language.
2. The second change would delete language for the purchase of land at Kimberly, Idaho. This language will not be required in FY 1992.

AGRICULTURAL RESEARCH SERVICE

Appropriation Act, 1991.....	\$624,085,000
Budget Estimate, 1992.....	<u>663,127,000</u>
Increase in Appropriation.....	<u>+39,042,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of specific projects)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
1. Research to reduce groundwater contamination and to enhance water quality.....	\$42,477,000	- -	+\$4,000,000	\$46,477,000
2. Research on global climate change.....	5,064,000	- -	+4,000,000	9,064,000
3. Research to develop agricultural use of gypsum and associated residues from air cleaning in coal-fired power plants.....	- -	- -	+2,000,000	2,000,000
4. Research to minimize chemical residues on food.....	5,589,000	- -	+1,500,000	7,089,000
5. Research on integrated pest management pilot program.....	9,355,000	- -	+1,500,000	10,855,000
6. Research to develop minor use pesticides...	1,133,000	- -	+1,000,000	2,133,000
7. Research to develop production systems that integrate animal wastes back to crop production	- -	- -	+1,000,000	1,000,000
8. Research to assure food quality and safety for the nation's consumers.	32,917,000	- -	+6,000,000	38,917,000
9. Research to develop alternative energy resources.....	563,000	- -	+2,000,000	2,563,000
10. Pay Costs.....	- -	+\$16,042,000	- -	16,042,000
11. All Other.....	<u>526,987,000</u>	<u>- -</u>	<u>- -</u>	<u>526,987,000</u>
Total Available.....	<u>624,085,000</u>	<u>+16,042,000</u>	<u>+23,000,000</u>	<u>663,127,000</u>

SUMMARY OF INCREASES AND DECREASES
 (On basis of program activity)

<u>Projects</u>	<u>1991 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
1. Research on soil and water conservation...	\$83,425,000	+\$1,956,000	+\$10,000,000	\$95,381,000
2. Research on plant sciences.....	232,917,000	+6,711,000	+4,000,000	243,628,000
3. Research on animal sciences.....	110,025,000	+3,211,000	+1,000,000	114,236,000
4. Research on commodity conversion and delivery.....	118,330,000	+3,354,000	+8,000,000	129,684,000
5. Human nutrition research.....	49,592,000	+455,000	- -	50,047,000
6. Integration of agri- cultural systems.....	11,505,000	+355,000	- -	11,860,000
7. Repair and maintenance of facilities.....	14,986,000	- -	- -	14,986,000
8. Contingencies.....	929,000	- -	- -	929,000
9. Construction of facilities.....	<u>2,376,000</u>	<u>- -</u>	<u>- -</u>	<u>2,376,000</u>
Total Available.....	<u>624,085,000</u>	<u>+16,042,000</u>	<u>+23,000,000</u>	<u>663,127,000</u>

Project Statement
(on the basis of adjusted appropriation)

PROJECT	1990 Actual		1991 Estimated		Increase or Decrease	1992 Estimated	
	AMOUNT	Staff Years	AMOUNT	Staff Years		AMOUNT	Staff Years
1. Research on soil and water conservation....	\$73,433,342	972	\$83,425,000	971	+\$11,956,000 (1)	\$95,381,000	988
2. Research on plant sciences.....	216,530,135	3,359	232,917,000	3,356	+10,711,000 (2)	243,628,000	3,364
3. Research on animal sciences.....	99,627,790	1,596	110,025,000	1,594	+4,211,000 (3)	114,236,000	1,596
4. Research on commodity conversion and delivery.	109,926,385	1,666	118,330,000	1,665	+11,354,000 (4)	129,684,000	1,678
5. Human nutrition re- search.....	47,766,564	226	49,592,000	226	+455,000 (5)	50,047,000	226
6. Integration of agri- cultural systems.....	12,081,080	176	11,505,000	176	+355,000 (6)	11,860,000	176
7. Repair and maintenance of facili- ties.....	14,707,320	- -	14,986,000	- -	- -	14,986,000	- -
8. Contingencies	a/	- -	929,000	- -	- -	929,000	- -
9. Construction of facilities	9,860,000	- -	2,376,000	- -	- -	2,376,000	- -
Unobligated balance.....	1,990,784	- -	- -	- -	- -	- -	- -
Total, available or estimate...	585,923,400	7,995	624,085,000	7,988	+39,042,000	663,127,000	8,028
Transfer to APHIS.....	222,600	- -	- -	- -			
Total, Appro- priation.....	586,146,000	7,995	624,085,000	7,988			

a/ Obligations incurred under the Research Contingency Fund in 1990 amount to \$562,500 and are reflected in the Program Activities listed above.

AGRICULTURAL RESEARCH SERVICE

Explanation of Program

Under the Agriculture, Rural Development and Related Agencies Appropriations, the Agricultural Research Service develops the means for:

1. Managing and conserving the Nation's soil and water resources for a stable and productive agriculture. -- Research is conducted to develop the technology for assessing and predicting long-term changes in the quantity and quality of soil, water, and air resources available to agriculture; to provide the technology needed for improving, protecting, and restoring the productive capacity of agricultural soils; to develop improved water-management systems and practices to achieve effective and efficient use of water resources; and to develop subsystems and models that integrate the use of soil, water, and air resources for optimum management of major land resource areas.
2. Maintaining and increasing the productivity and quality of crop plants. -- Research is conducted to broaden the germplasm resources of plants and beneficial organisms to ensure maximum genetic diversity for improved productivity; to select and modify germplasm of plants, beneficial organisms, and pests; to develop improved production practices for maintaining and increasing crop productivity and quality and for reducing costs; to discover principles and develop improved methods for reducing crop losses caused by weeds, diseases, insects, nematodes, and other pests; and to develop improved methods for integrating the crop- and pest-management practices needed for higher and more stable levels of crop production.
3. Increasing the productivity of animals and the quality of animal products. -- Research is conducted to increase the genetic capacity of animals for production; to improve the efficiency of reproduction and reproduction-related biological processes; to improve animal nutrition and feed efficiency to increase productivity and product quality; to develop ways to prevent or control losses from diseases, parasites, and toxicants and other substances that limit animal performance and reduce the quality of animal products; to develop means for controlling insects, ticks, and mites that affect animals and man; and to devise means for improving and integrating procedures and facilities for production and transport of animals to increase productivity, reduce costs, and minimize stresses.
4. Achieving maximum use of agricultural products for domestic markets and export. -- Research is conducted to develop means for enhancing the inherent properties and uses of agricultural materials; to develop the means for meeting foreign and domestic user and regulatory requirements relating toxic factors in food, feed, and other agricultural products; to develop means for reducing or eliminating postharvest losses caused by pests, spoilage, and physical and environmental damage; and to develop the means for increasing efficiency of systems for processing, handling, storing, and distributing agricultural products.
5. Promoting optimum human health and well-being through improved nutrition and family resource management. -- Research is conducted to define the nutrient requirements of humans at all stages of the life cycle; to determine the nutrient content of agricultural commodities and processed foods as eaten, and establish the bioavailability of their nutrients; and to improve the nutritional status of humans and the well-being of families by making techniques available for assessing the effectiveness of nutrition and home economics programs.

6. Integrating scientific knowledge of agricultural production, processing, and marketing into systems that optimize resource management and facilitate transfer of technology to users. — Research is conducted to develop integrated systems for efficiently producing, processing, and marketing agricultural products; and to develop alternative agricultural systems, including those of small scale, that are less dependent upon nonrenewable resources and that are productive, efficient, and sustainable in the long term.
7. Repair and maintenance of facilities. — Funds are used to repair and maintain ARS facilities to provide safe, energy-efficient and functional workspace for in-house research. In addition to this national program which focuses primarily on safety and energy retrofit projects, ARS is committed to adequately funding routine maintenance and repair. To assure that all facilities are properly maintained, each location allocates program funds as appropriate to perform the most pressing needs.

The research performed by Agricultural Research Service (ARS) is authorized by the Department of Agriculture Organic Act of 1862 (7 U.S.C. 2201, 2204) the Research and Marketing Act of 1946, as amended (7 U.S.C. 427, 1621) the Food and Agriculture Act of 1977, as amended (7 U.S.C. 1281 note), and the Food Security Act of 1985 (7 U.S.C. 3101 note).

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$11,956,000 for research on soil and water conservation consisting of:
- (a) A total increase of \$1,956,000 for pay costs which consists of \$556,000 for the annualization of the 1991 pay raise and \$1,400,000 for the 1992 pay raise.
 - (b) An increase of \$4,000,000 for research to reduce groundwater contamination and enhance water quality (\$42,477,000 available in FY 1991).

Need for Change. Widespread concern still exists that water supplies in many of the Nation's urban and rural communities are being seriously degraded by industrial and agricultural chemicals, sediments, animal wastes, salts and toxic elements. A Presidential Initiative to Enhance Water Quality was initiated in 1989. The expanded effort is aimed at developing economically viable farming systems to protect the quality of drinking water supplies. Midwestern farming systems, which produce more than half of the U.S. corn and soybeans and use a large percentage of the chemicals applied to U.S. croplands, were targeted for an accelerated State and Federal effort to protect the quality of underlying groundwaters by reducing leaching of nitrate and pesticides. However, concentrations of farm chemicals exceeding levels deemed safe by EPA have been found in other portions of the U.S. Additional major gaps have been identified in knowledge concerning fate and transport of chemicals in percolating waters. Potentials for absorbing nitrates in cover crops to protect them from leaching during wet months merit further evaluation. Preliminary analyses indicate that solutes, other than nitrates and a few pesticides, other inorganic and organic often contribute the major part of the mutagenicity of groundwater. All major contributors need to be identified and their contributions quantified.

Nature of Change. This increase will be used in coordination with other Federal agencies to plan, expand, and accelerate research on the following facets of the water quality problem. The water quality benefits and economic consequences of expanding use of cover crops and rotations will be determined. Persistence and mobility of chemicals leached beyond the crop root zone and through zones of significant chemical and biological activity will be determined. This information will be used to help predict depths to which chemicals will contaminate groundwaters and the roles of wetlands and border areas of streams and lakes in modifying the chemical composition of water that passes through them. These predictions will provide bases for relating concentrations of solutes in water leaving the root zone to the concentrations that will reach aquifers, for management of existing wetlands, and possibly for creation of wetlands to help improve the quality of water moving through them. Physical, economic, and environmental feasibility of using cover crops, rotations, and mulches to retain more nitrogen and keep it from leaching will be determined.

Management of animal manures will be refined to make their nutrients available in amounts and at the times needed by crops so less of those nutrients will be incorporated in our

groundwater. Quantitative, cost effective methods for assessing mutagenicity of groundwater will be developed. Assessments will be conducted of groundwater samples in study areas where agricultural chemical applications vary from negligible to heavy. Where significant mutagenicity is found, specific chemicals responsible for the mutagenicity will be determined and cost-efficient means will be developed for keeping those chemicals out of groundwater. ARS will cooperate with CSRS and the State agricultural experiment stations, USGS, EPA, SCS, ES, and farmer organizations to achieve these improvements in water quality.

- (c) An increase of \$4,000,000 for research on global climate change (\$5,064,000 available in FY 1991).

Need for Change. In building and evaluating models to predict global climate change, it has become apparent to NASA, DOE, NOAA, EPA, and others that agriculture's contributions to levels of carbon dioxide and methane in the atmosphere were not accurately estimated. There is a major disappearance of carbon in the environmental system that is unaccounted for, and accurate global climate predictions will not be possible until agriculture's role in absorbing and producing carbon has been quantified.

If global climate does change, the most critical factor affecting agriculture and society will be how the change affects precipitation and water supplies. Validated models are needed to accurately predict changes in water supplies that would take place if the predicted climate changes do occur.

Nature of Change. A major goal of the U.S. Global Change Research Program, coordinated by the FCCSET Committee on Earth and Environmental Sciences, is to build a model of the Earth as an interconnected system. USDA has assumed responsibility for building the terrestrial ecosystem component of this model through its initiative TEAM (Terrestrial Ecosystem Assessment Model). Understanding interactions at the Earth system level will be necessary for USDA to assess how environmental changes affect quantity, quality, and stability of agricultural production as well as water supply, and to develop alternative production systems that are resilient to possible future stresses.

The terrestrial ecosystem consists primarily of cropland, rangeland, and forests. These comprise the thin living skin covering the Earth's land surface that is the primary source of our carbon-based products (food, fiber, fuel, and carbon based chemicals), as well as our fresh water supply. The terrestrial ecosystem model is divided into primary elements: the carbon cycle and the hydrologic cycle. ARS global change funding for FY91 emphasized development of an understanding of the carbon cycle to provide a basis for predicting how agricultural management will affect the global environment and how changes in the global environment will affect agricultural productivity. Objectives of this research are to:

Develop Principles for Modeling Hydrologic Processes. This research will address the critical problem of scale in modeling hydrologic process and interacting with atmosphere processes at point, watershed, and regional scales (areas from 1 square meter to 100 square Kilometers) as well as the meso scale (100 to 1000 square kilometers). The research will include:

1) field experimentation and data collection with existing ARS research watersheds; 2) water and energy balance models that are merged with meso scale meteorological models and data; and 3) use of current and future remotely sensed data from the NASA Earth Observing System. The resulting improvement in the understanding of linkages and interactions at different scales will permit quantitative assessment of the effects of global change on the hydrologic systems and of effects of agricultural management on factors that affect global climate.

Predict Impacts of Global Change on Surface Water Supply. This research will draw on long-term ARS experimental watershed records and SCS precipitation and snow accumulation records to develop fully validated models to estimate the hydrologic effects of global change on basin and regional water availability. It will contribute to understanding of the terrestrial component of the Earth system hydrologic cycle.

Determine the Agricultural Contribution to Global Carbon Emission and Storage. This research will improve our understanding of the processes controlling carbon flux to and from the biosphere, and initiates the development of an inventory of carbon stored in the soil and vegetation of crop, range, and forest systems needed to build a comprehensive Earth system model. This research will be closely coordinated with NASA, DOE, NOAA and EPA.

- (d) An increase of \$2,000,000 for research to develop agricultural use of gypsum and associated residues from air cleaning in coal-fired power plants (new initiative based on emerging need and historical findings of gypsum benefits) (\$0 available in FY 1991).

Need for Change. It is predicted that changes in the new Clean Air Bill will result, by 2008 A.D., in the generation of about 100 million tons of solid wastes per year at our coal-fired power plants. The primary component of these wastes will be gypsum with lesser amounts of coal combustion products. Past research has indicated that these precipitates can provide significant amounts of nutrients needed by crops and that gypsum application to agricultural lands helps aggregate soil particles, increase water infiltration, and reduce runoff and erosion. Increasing calcium saturation of subsoils allows deeper penetration of roots, providing plants with larger reservoirs from which they can draw water and thereby ameliorate drought. Achieving these changes require applications of several hundred pounds of gypsum per acre per year. Associated costs have argued against widespread use of gypsum and against any further research in the past. Forthcoming availability of gypsiferous combustion residues from hundreds of power plants throughout the U.S. (in total amounts equivalent to 500 pounds of gypsum per year for every cultivated acre in the U.S.) provides a major new opportunity to improve our soil and water resources. However, depending on the source of the coal, these residues have various amounts of various oxides in them. Many of these oxides are nutrients essential to crop growth at some levels. However, several can be deleterious to crop production and animal and human health at higher concentrations.

Nature of Change. Research on these waste products will quantify their effects on increases in water infiltration, groundwater recharge, and base stream flow; on decreases in

runoff and erosion; on increases in rooting depths; and on decreases in drought stress days under representative climates in major U.S. soils. The gypsiferous wastes will be analyzed to determine amounts of nutrient and metal ions. This information combined with uptake application rate studies will provide guidelines on how to optimize benefits and minimize hazards caused by their use as soil amendments and nutrient supplies. Agro-economic studies will provide data on hauling and spreading costs, quality and yield of crops, improved water use efficiency, and associated decreases in drought damage. These data will be used to develop guidelines and models to show how and where this "waste" can be used to benefit U.S. agriculture.

Mixtures of these gypsiferous wastes with municipal wastes, such as sewage sludge and shredded paper, will be developed and evaluated.

Coal producers and power plant associations see an urgent need for this type of research to assure that the new Clean Air Bill does not just trade one type of environmental contamination for another. Cooperative research and demonstration, cofunded by ARS and in cooperation with power plants, SCS, and conservation districts at the sites selected, is planned.

(2) An increase of \$10,711,000 for research on plant sciences consisting of:

- (a) A total increase of \$6,711,000 for pay costs which consists of \$1,908,000 for the annualization of the 1991 pay raise and \$4,803,000 for the 1992 pay raise.
- (b) An increase of \$1,500,000 for research to minimize chemical residues on food (\$5,589,000 available in FY 1991).

Need for Change. Chemical residues from pesticides on food crops continue to be a major concern to the American consumer. In addition, multiple pesticide applications needed to produce food crops substantially increases production and consumer costs. Recent developments such as the introduction of new pests and loss of registration of some of the more selective pesticides have increased the application frequency and dosages of pesticides.

Nature of Change. Biologically-based alternative pest control technologies are needed to produce safer food crops that are more available and acceptable to consumers. Clearly, a major thrust is needed to accelerate research on the development of nonorganic pesticidal means of managing insect, disease, and weed pests of crops that are grown for human consumption. The advantages of such approaches as cultural controls, biopesticide, inundative parasite and predator releases, host-resistant plants, and mating disruption with naturally-produced attractants should be evaluated individually and as part of pest management systems. A major priority for this increase will be to develop new control technologies for replacement of pesticides that are known or suspected to be oncogenic.

- (c) An increase of \$1,500,000 for research on integrated pest management pilot program (\$9,355,000 available in FY 1991).

During the last few decades the consumer public has insisted on

the development of nonchemical pest control methods to supplement and offset extensive reliance on synthetic organic pesticides. Much progress has been made in such areas as host plant resistance, expanded use of predators, parasites, and pathogens, behavior chemicals (pheromones, plant attractants, repellents, etc.) insect sterility, biotechnology, cultural control, and the overall use of insect pest management.

Although we have made good progress in the development of biologically-based methods of pest control, synthetic chemical pesticides still remain our major means of protecting our food and fiber crops from pests insects. The development of new pest control technology is moving slowly to fill the voids in pest control once met by synthetic pesticides. This may become an even more critical issue if we lose the registration of many of the pesticides now listed as suspected oncogenic agents.

Nature of Change. Additional funds are needed to strengthen ARS research on alternative methods of pest control that do not rely solely on use of chemical pesticides. Safe, environmentally sound, biologically-based insect and plant disease management strategies will respond directly to the demands of the consumer public for development of nonchemical pest control methods. The funds would enable field locations to conduct the research needed to determine whether a pest control technology is technically or economically feasible for implementation by the private or public sectors. New technology for managing pests often cannot be developed for implementation in commercial agriculture without refinement through large or otherwise expensive developmental research. The primary intent of the program is to advance towards practical use of emerging technologies as alternatives to broad spectrum pesticides. Initially, emphasis will be given to development of IPM systems for pest control in stored products.

- (d) An increase of \$1,000,000 for research to develop minor use pesticides (IR-4) (\$1,133,000 available in FY 1991).

Need for Change. Good Laboratory Practice (GLP) regulations promulgated by the U.S. Environmental Protection Agency (EPA) in October of 1989 have added about a 20-percent increase to the cost of developing efficacy, phytotoxicity, and residue data to support minor use pesticide registrations. The EPA also requires more diversity in the geographical areas where residue samples are obtained for establishment of food tolerances. For many food uses, the number of sites has risen from 2-3 to 3-5 in the last several years. The number of metabolites of pesticides for which residue data are required has also increased (for example: permethrin and fluazifor-p-butyl have increased from the parent compound to the parent compound and two metabolites). These factors have contributed to a decrease in the number of food tolerances and registrations of ornamentals that can be supported by IR-4 at current funding levels.

Nature of Change. The proposed increase will accelerate efforts to clear a backlog of 1,200 requests for new registrations. These requests are increasing at the rate of about 200 per year. In addition to the new-use requests, it is anticipated that IR-4 will have to face the demand to obtain data for about 1,000 priority minor use needs that will apparently not be supported for reregistration by industry.

These reregistration needs are a result of the 1988 amendments to the Federal Insecticide, Fungicide, and Rodenticide Act, which requires the reregistration of over 4,000 currently established tolerances.

(3) An increase of \$4,211,000 for research on animal sciences consisting of:

- (a) A total increase of \$3,211,000 for pay costs which consists of \$913,000 for the annualization of the 1991 pay raise and \$2,298,000 for the 1992 pay raise.
- (b) An increase \$1,000,000 for research to develop production systems that integrate animal wastes back to crop production (\$0 available in FY 1991).

Need for Change. Livestock and poultry produced in confined facilities and feedlots produce substantial amounts of manures. Gases from manure stored under animal housing units can reduce the efficiency of livestock and poultry production. Storage of manure in lagoons or piles creates fly and odor problems. Efficiencies that come with mass production systems for meat and dairy products are commonly accompanied by inefficiencies in recovery of nitrogen from manures for crop production. These inefficiencies are accompanied by escape of nitrogenous compounds and other volatiles into our atmosphere and waters. Increasing public concern regarding air and water quality, increasing costs of feed grains due to lowering of commodity price supports, and increasing costs of energy and fertilizers will require that sustainable future production systems become more efficient in use of nutrients from animal wastes to produce animal feed.

Currently, there is an enormous magnitude of manure removal from confined animal operations. Approximately 200 million dry weight tons are removed annually. Failure to remove the manures on timely schedules from the confinement areas and their vicinity results in production of flies and obnoxious odors and loss of much of the nitrogen nutrient. Consequently, some form of interim storage or treatment is necessary because crops do not always need the nutrients when manures are produced.

Nature of Change. Research will be conducted to develop treatments which will stabilize manures so that they will not produce objectionable odors and flies and lose nitrogen prior to being taken to the fields. Contemplated treatments include composting, acidification with superphosphates, cooling with cold ground or pond waters, storage in anaerobic digesters (with associated production of methane) and storage in cold lagoons. Cropping systems will be developed including rotations and winter cover crops for use when the wastes need to be disposed. Areas of cropland needed to handle waste per animal, avoid air and water contamination, and efficiently use the nutrients will be determined.

Systems will be developed and compared in cold and warm climates which will use irrigation water and mechanical means to remove manures from the confinement areas and distribute them to where they will be needed by crops. Criteria for comparison will include efficiency of nutrient use, crop production, animal production and welfare, production of flies and noxious odors, and value of byproducts (such as methane). Economic benefit/cost analyses will be a part of the comparisons.

Multidisciplinary approaches will be essential to the research with livestock or poultry production units and crop production units integrated to provide systems which are productive and sustainable with respect to economics, the environment, and the resource base.

(4) An increase of \$11,354,000 for research on commodity conversion and delivery consisting of:

- (a) A total increase of \$3,354,000 for pay costs which consists of \$954,000 for the annualization of the 1991 pay raise and \$2,400,000 for the 1992 pay raise.
- (b) An increase of \$6,000,000 to enhance food safety (\$32,917,000 available in FY 1991).

Minimize chemical residues in food.

Need for Change. Chemical residues from pesticides and drugs in foods of both plant and animal origin continue to be a major concern of American consumers. Sampling and analysis for residues must be made more efficient to increase monitoring capability and maintain consumer confidence. Also, methods need to be internationally recognized in order to be harmonized across international boundaries and help maintain markets for US export commodities. Traditional chemically based analytical methods are not fast enough and require too much expertise to use in field situations to be useful to producers, processors, and distributors, and the regulatory agencies. These groups need methodology which meets the standards and expectations in an improved cost effective manner.

Nature of Change. ARS will develop new technologies such as bioaffinity purification and biological based detectors such as immunoassays that will ensure the availability of useful residue and analytical methods for the regulatory agencies to use on both plant and animal derived foods. These new technologies will be faster and less costly, thus allowing the regulatory agencies to keep pace with the demand to test large quantities of commodities in commerce. Also, because they will use less solvents, they will cause less environmental pollution and they will be safer for the operators. Improved methods will be able to detect one or a combination of drugs, antibiotics, and a variety of important pesticides.

Aflatoxin and Fumonisin free commodities.

Need for Change. Mycotoxins are natural toxins produced by different fungi on most agricultural crops. A few mycotoxins (primarily the aflatoxins and the fumonisins) produced by the Aspergilli and Fusaria species of fungi on corn, cottonseed, peanuts, and/or tree nuts, have been identified as serious threats to human health and safety. Also, aflatoxin is the cause of increased losses in the marketing of commodities, in particular peanuts, because of new, extremely low tolerances in both the US and in Europe. Fumonisin derived from Fusarium moniliforme growing on corn recently have been associated with equine encephalomalacia of horses, pulmonary edema of swine, and cancer of the esophagus of humans living in the Transkei region of South Africa.

Nature of Changes. ARS research will develop an understanding of the fungal/plant/toxin relationships of the aflatoxins and fumonisins to form a basis for recommendations for agronomic practices that will minimize their concentrations in commodities. In addition, plant germplasm will be evaluated to identify natural resistance in the affected crops and specific biocontrol organisms for competitive inhibition of the hazardous fungi will be developed. The delineation of the pathways of toxin formation and mechanism of action, as well as the isolation of enzymes and genes responsible for the synthesis of the toxins, will be necessary to assure the safety of biocontrol agents even when they are based on the use of naturally occurring strains of organisms. These control measures will allow food crops to be produced economically and still be free of hazardous mycotoxins.

Competitive protein to reduce microbial toxins.

Need for Change. Food poisoning continues to be traced to the consumption of contaminated foods primarily of animal origin. Use of traditional control methods based upon sterilization and disinfection has not proven completely effective. The food and feed industries need to be able to assure the regulatory agencies and the public that the food products they market will remain free of toxic microorganisms under a wide range of environmental conditions. Of particular concern is that fresh or partially processed foods may not always be kept refrigerated as instructed by the labeling. As with other foods or feeds, safety cannot be achieved by sterilization and other conventional procedures. We need to be able to supplement traditional methods with new techniques based on the emerging biotechnologies and our knowledge of the specific properties of previously ignored or underutilized microorganisms. This will bring about the increased level of confidence that the public is demanding in the safety of their food supply.

Nature of Change. A complex community of organisms, some toxic and others beneficial, is associated with each area in production and processing of foods. Even the growth of a single species can favor or inhibit the survival of others. ARS research will identify and develop methods to enhance the growth of beneficial organisms and the suppression of the appearance of toxic species. In addition to the identification of new beneficial species, this research will include such determinations as the effects of time, temperature, energy source, pH, additives, and water activity on the growth of individual bacterial species.

Minimize natural toxins and parasitic disease.

Need for Change. Plants have developed an extensive sophisticated system of chemical defenses to protect themselves from insect and animal herbivorous predators. The chemicals may be produced by the plants themselves and/or co-opted fungi may be responsible for plant protection with the elaboration of their secondary metabolites. In this chemical warfare system, the protective or 'defense' chemicals of the plants may be present in sufficient amount or concentration to cause overt toxicity in animals and/or humans.

Parasitic diseases of livestock, such as toxoplasmosis, trichinosis and cysticercosis, are both a food safety issue (some are transmittable to man) and a production efficiency problem. As more effective methods for the diagnosis of toxoplasmosis are developed, it is becoming apparent that its incidence and distribution in swine and sheep is considerably greater than previously recognized. Furthermore, a new disease of cattle, related to toxoplasmosis, has caused abortions in dairy cattle and may be infectious to all species, including humans.

Nature of Change. ARS research will identify the more toxic chemicals from animal feed and devise methods to minimize their occurrence in plants and/or the diets of cattle and sheep. This will protect humans in the consumption of meat or milk.

Specifically, ARS research will determine and identify the various pyrrolizidine alkaloid toxins and their metabolites in food products of plant and animal origin and correlate with available toxicity studies. Research will also be conducted to assay toxins of plant origin in food and facilitate their differentiation from pesticides. This proposal will also provide for studies to develop methods to lower amounts of lead, cadmium and other toxic elements in foods of plant origin, including grains, oilseeds and leafy vegetables.

In regard to the parasitic diseases of food producing animals ARS will strengthen epidemiological research in order to determine how and to what species these diseases are transmitted. Control strategies can then be developed that will reduce the incidence of toxoplasmosis, cysticercosis, and other parasitic diseases, and thus reduce the hazard of contracting these diseases by farm workers, meat industry workers, and consumers.

- (c) An increase of \$2,000,000 for research on alternative energy resources (\$563,000 available in FY 1991).

Need for Change. Environmental concerns and the need to supplement energy from nonfossil fuel sources provides the opportunity for developing improved conversion processes. Although the technology for ethanol production from the fermentation of corn and other starch sources already exists, there are limitations to commercialization because of the efficiency of conversion and cost-effectiveness. Moreover, complex carbohydrate sources such as agriculturally-derived biomass have never been efficiently cost-effectively converted to ethanol.

Nature of Change. Specifically, a bioreactor/continuous fermentation system housing anaerobic polymer degrading bacteria and biomass will be utilized to produce the desired end products. Emphasis will be placed on genetically engineering and/or manipulating bacteria to become more efficient in ethanol production and improving the continuous culture conversion of agricultural residues to chemical feedstocks such as acetic and lactic acid. This research will be conducted at the National Center for Agricultural Utilization Research, Peoria, Illinois.

- (5) An increase of \$455,000 for research on human nutrition consisting of:
- (a) A total increase of \$455,000 for pay costs which consists of \$129,000 for the annualization of the 1991 pay raise and \$326,000 for the 1992 pay raise.
- (6) An increase of \$355,000 for research on integrated agricultural systems consisting of:
- (a) A total increase of \$355,000 for pay costs which consists of \$101,000 for the annualization of the 1991 pay raise and \$254,000 for the 1992 pay raise.

CONTINGENCY RESEARCH FUND

The Contingency Research Fund, established by Congress in Fiscal Year 1962, is designed to provide a ready source of funds to meet unforeseen and immediate research needs. Releases from the fund are generally made in situations where an emergency exists, or for special needs such as an unexpected scientific "breakthrough," or for new diseases or pest problems requiring immediate attention and where it appears inadvisable to wait for consideration of a request for funds for the project in the regular budget process. In allocating funds, the procedure is to make no commitments for allocations from the fund beyond the current year.

1990 Obligations

Repair damage to greenhouse, electrical lines, ceiling tile, carpet, irrigation pump, and citrus trees caused by severe freeze, Weslaco, Texas	\$7,500
Repair and replace air conditioner coil and broken pipes damaged by severe freeze, College Station, Texas	2,815
Repair and replace damages to citrus plantings, pipes, and water pumps due to severe freeze, Orlando, Florida	43,800
Replace research trees damaged by severe freeze, Miami, Florida	7,000
Replace wooden roof over concrete cistern, St. Croix, Virgin Islands .	25,000
Repair water damage to facilities and equipment caused by severe freeze, Poplarville, Mississippi	7,000
Repair water damage to facilities and equipment caused by severe freeze, Baton Rouge, Louisiana	38,900
Repair water damage to facilities and equipment caused by severe freeze, Mississippi State, Mississippi	24,935
Repair water damage to facilities and equipment caused by severe freeze, Lewisburg, Tennessee.....	1,200
Repair hay barn and greenhouse damaged during wind storm, Auburn, Alabama	10,000
Replace stolen computers and peripheral equipment, Albany, California	58,200
Replace antiquated steamlines, Fargo, North Dakota	20,000
Repair damage to facilities and equipment caused by severe flooding, Brownwood, Texas	226,000
Repair greenhouses damaged by tornado, Stillwater, Oklahoma	7,100
Replace air compressor for HVAC system, Georgetown, Delaware	10,550
Replace equipment destroyed by lightning, St. Paul, Minnesota	19,200
Replace lab equipment and supplies destroyed by fire, Columbia, Missouri	<u>53,300</u>
Total, 1990 Obligations	<u><u>562,500</u></u>

STATEMENT OF OBLIGATIONS AND STAFF-YEARS BY LOCATION

(On basis of adjusted appropriation)

Location	Actual 1990		Estimated 1991		Estimated 1992	
	Dollars	Staff-Years	Dollars	Staff-Years	Dollars	Staff-Years
ALABAMA, Auburn.....	\$2,467,830	47	\$2,679,700	47	\$2,949,700	48
ALASKA, Fairbanks.....	676,293	8	711,900	8	711,900	8
ARIZONA						
Phoenix.....	4,849,455	109	5,694,100	109	5,694,100	109
Tucson.....	3,911,158	76	3,425,300	75	3,875,300	76
Total.....	8,760,613	185	9,119,400	184	9,569,400	185
ARKANSAS						
Booneville.....	1,067,834	18	1,125,700	18	1,125,700	18
Fayetteville.....	393,684	0	764,100	0	764,100	0
Stuttgart.....	374,943	5	363,100	5	363,100	5
Total.....	1,836,461	23	2,252,900	23	2,252,900	23
CALIFORNIA						
Albany.....	18,542,697	282	18,870,400	282	19,905,400	284
Brawley.....	287,200	8	292,900	8	292,900	8
Davis.....	1,327,197	21	1,550,600	21	1,550,600	21
Fresno.....	3,722,950	69	3,644,100	68	3,644,100	68
Pasadena.....	1,340,145	26	1,449,400	26	1,449,400	26
Riverside.....	3,080,618	50	3,494,300	50	4,124,300	52
Salinas.....	1,742,304	35	1,736,300	35	1,736,300	35
San Francisco.....	3,979,171	40	4,520,000	40	4,520,000	40
Shafter.....	1,158,179	20	1,180,900	20	1,180,900	20
Total.....	35,180,461	551	36,738,900	550	38,403,900	554
COLORADO						
Akrón.....	864,461	15	726,900	15	726,900	15
Fort Collins.....	8,929,378	147	9,935,000	147	10,205,000	148
Total.....	9,793,839	162	10,661,900	162	10,931,900	163
DELAWARE						
Georgetown.....	805,906	13	731,700	13	731,700	13
Newark.....	650,954	13	591,600	13	591,600	13
Total.....	1,456,860	26	1,323,300	26	1,323,300	26
DISTRICT OF COLUMBIA						
Program.....	3,516,841	65	3,864,300	65	3,864,300	65
<u>Headquarters</u>						
Federal						
Administration.....	32,573,634	496	32,609,000	496	32,609,000	496
Centrally Fi-						
nanced Services....	8,316,960	- -	8,696,800	- -	8,696,800	- -
Subtotal.....	40,890,594	496	41,305,800	496	41,305,800	496
Total.....	44,407,435	561	45,170,100	561	45,170,100	561
FLORIDA						
Brooksville.....	662,102	10	633,100	10	633,100	10
Canal Point.....	891,875	20	903,800	20	903,800	20
Fort Lauderdale.....	675,847	13	645,300	13	645,300	13
Gainesville.....	8,584,849	157	9,065,200	157	9,065,200	157
Miami.....	1,499,284	30	1,650,600	30	1,650,600	30
Orlando.....	4,024,419	64	4,181,700	64	4,181,700	64
Winter Haven.....	1,143,518	16	1,216,800	16	1,216,800	16
Total.....	17,481,894	310	18,296,500	310	18,296,500	310

STATEMENT OF OBLIGATIONS AND STAFF-YEARS BY LOCATION

(On basis of adjusted appropriation)

Location	Actual 1990		Estimated 1991		Estimated 1992	
	Dollars	Staff-Years	Dollars	Staff-Years	Dollars	Staff-Years
GEORGIA						
Athens.....	13,277,431	186	13,782,900	186	15,402,900	188
Byron.....	2,117,020	44	2,089,000	43	2,089,000	43
Dawson.....	1,709,784	27	1,801,000	27	1,801,000	27
Experiment.....	1,150,995	8	1,404,200	8	1,404,200	8
Savannah.....	2,571,452	52	2,632,900	52	2,632,900	52
Tifton.....	6,878,380	102	7,138,800	102	7,588,800	103
Watkinsville.....	1,827,222	27	1,973,900	27	2,153,900	27
Total.....	29,532,284	446	30,822,700	445	33,072,700	448
HAWAII, Honolulu.....	7,074,172	65	8,336,400	65	8,336,400	65
IDAHO						
Aberdeen.....	1,750,271	12	1,954,500	12	1,954,500	12
Boise.....	1,454,541	17	1,244,500	17	1,784,500	19
Dubois.....	1,825,254	11	2,046,200	11	2,046,200	11
Kimberly.....	2,292,281	41	2,198,500	41	2,648,500	42
Total.....	7,322,347	81	7,443,700	81	8,433,700	84
ILLINOIS						
Peoria.....	20,702,360	316	21,210,400	316	23,010,400	318
Urbana.....	3,397,460	49	3,460,700	49	3,460,700	49
Total.....	24,099,820	365	24,671,100	365	26,471,100	367
INDIANA, Lafayette.....	3,386,750	42	3,170,000	42	3,440,000	43
IOWA, Ames/Ankeny.....	22,043,880	328	23,574,400	328	24,024,400	330
KANSAS, Manhattan.....	4,137,579	64	4,024,500	64	4,024,500	64
KENTUCKY, Lexington....	952,822	17	942,900	16	942,900	16
LOUISIANA						
Baton Rouge.....	1,834,067	34	1,954,600	34	1,954,600	34
Houma.....	1,313,476	33	1,313,300	33	1,313,300	33
New Orleans.....	15,951,155	243	16,288,700	243	17,188,700	245
Total.....	19,098,698	310	19,556,600	310	20,456,600	312
MAINE, Orono.....	499,202	6	572,500	6	572,500	6
MARYLAND						
Beltsville.....	78,106,280	1,286	80,196,300	1,285	83,616,300	1,290
Frederick.....	2,166,289	41	2,074,500	41	2,074,500	41
Hyattsville.....	396,385	8	523,500	8	523,500	8
Total.....	80,668,954	1,335	82,794,300	1,334	86,214,300	1,339
MASSACHUSETTS, Boston..	14,112,996	3	13,829,800	3	13,829,800	3
MICHIGAN, East Lansing.	3,594,085	58	3,736,100	58	3,736,100	58

STATEMENT OF OBLIGATIONS AND STAFF-YEARS BY LOCATION

(On basis of adjusted appropriation)

Location	Actual 1990		Estimated 1991		Estimated 1992	
	Dollars	Staff-Years	Dollars	Staff-Years	Dollars	Staff-Years
MINNESOTA						
East Grand Forks.....	992,428	8	1,062,300	8	1,062,300	8
Morris.....	2,448,075	33	2,654,900	33	2,654,900	33
St. Paul.....	3,980,147	41	4,087,200	41	4,357,200	42
Total.....	7,420,650	82	7,804,400	82	8,074,400	83
MISSISSIPPI						
Mississippi State....	6,461,348	115	6,420,300	115	6,420,300	115
Oxford.....	4,449,641	64	4,459,600	64	4,729,600	65
Poplarville.....	666,891	12	644,900	12	644,900	12
Stoneville.....	11,311,526	189	12,071,400	188	12,071,400	188
Total.....	22,889,406	380	23,596,200	379	23,866,200	380
MISSOURI, Columbia.....	4,733,270	81	4,656,900	81	4,926,900	82
MONTANA						
Bozeman.....	1,501,908	25	1,537,500	25	1,537,500	25
Miles City.....	1,705,942	11	1,821,100	11	1,821,100	11
Sidney.....	442,648	10	659,100	10	659,100	10
Total.....	3,650,498	46	4,017,700	46	4,017,700	46
NEBRASKA						
Clay Center.....	9,758,187	60	11,160,400	60	11,430,400	61
Lincoln.....	3,614,689	41	3,539,000	41	3,719,000	42
Total.....	13,372,876	101	14,699,400	101	15,149,400	103
NEVADA, Reno.....	636,976	8	465,000	8	465,000	8
NEW JERSEY						
Chatsworth.....	395,615	2	505,200	2	505,200	2
NEW MEXICO						
Las Cruces.....	1,419,700	25	1,386,900	25	1,386,900	25
NEW YORK						
Geneva.....	1,247,536	9	1,182,700	9	1,182,700	9
Ithaca.....	3,472,001	37	3,313,700	37	3,313,700	37
Plum Island.....	10,549,057	198	8,854,400	198	8,854,400	198
Total.....	15,268,594	244	13,350,800	244	13,350,800	244
NORTH CAROLINA						
Oxford.....	2,320,975	33	2,247,000	33	2,247,000	33
Raleigh.....	4,786,686	69	5,000,000	69	5,000,000	69
Total.....	7,107,661	102	7,247,000	102	7,247,000	102
NORTH DAKOTA						
Fargo.....	8,916,137	121	8,868,100	121	8,868,100	121
Grand Forks.....	6,728,825	32	6,931,400	32	6,931,400	32
Mandan.....	2,507,195	49	2,455,600	49	2,455,600	49
Total.....	18,152,157	202	18,255,100	202	18,255,100	202

STATEMENT OF OBLIGATIONS AND STAFF-YEARS BY LOCATION

(On basis of adjusted appropriation)

Location	Actual 1990		Estimated 1991		Estimated 1992	
	Dollars	Staff-Years	Dollars	Staff-Years	Dollars	Staff-Years
OHIO						
Columbus.....	714,392	4	744,000	4	744,000	4
Coshocton.....	1,023,444	16	1,025,100	16	1,025,100	16
Delaware.....	314,329	4	318,500	4	318,500	4
Wooster.....	2,061,384	35	2,208,600	35	2,208,600	35
Total.....	4,113,549	59	4,296,200	59	4,296,200	59
OKLAHOMA						
Durant.....	2,001,610	38	2,181,400	38	2,541,400	39
El Reno.....	1,672,732	27	1,607,000	27	1,607,000	27
Lane.....	1,729,580	14	1,666,900	14	1,666,900	14
Stillwater.....	2,517,879	31	2,255,400	31	2,255,400	31
Woodward.....	976,279	16	970,000	16	970,000	16
Total.....	8,898,080	126	8,680,700	126	9,040,700	127
OREGON						
Burns.....	375,057	3	483,800	3	483,800	3
Corvallis.....	3,804,567	42	3,742,500	42	3,742,500	42
Pendleton.....	1,083,038	21	1,073,300	21	1,073,300	21
Total.....	5,262,662	66	5,299,600	66	5,299,600	66
PENNSYLVANIA						
University Park.....	2,793,623	47	2,746,800	47	3,196,800	49
Wyndmoor.....	16,802,806	236	17,852,500	236	18,887,500	238
Total.....	19,596,429	283	20,599,300	283	22,084,300	287
SOUTH CAROLINA						
Charleston.....	2,091,992	41	2,245,000	41	2,695,000	42
Clemson.....	1,696,126	28	1,700,900	28	1,700,900	28
Florence.....	1,883,589	37	2,020,600	37	2,020,600	37
Total.....	5,671,707	106	5,966,500	106	6,416,500	107
SOUTH DAKOTA						
Brookings-Madison....	1,661,790	35	1,641,200	35	1,641,200	35
TENNESSEE						
Jackson.....	146,960	2	134,300	2	134,300	2
Lewisburg.....	134,273	2	143,300	2	143,300	2
Total.....	281,233	4	277,600	4	277,600	4
TEXAS						
Beaumont.....	816,264	15	837,400	15	837,400	15
Brownwood.....	779,032	11	552,500	11	552,500	11
Bushland.....	2,145,797	46	2,139,400	46	2,139,400	46
College Station.....	9,935,787	169	9,762,700	169	10,482,700	171
Houston.....	9,629,061	2	9,908,100	2	9,908,100	2
Kerrville.....	2,605,429	52	2,732,000	52	2,732,000	52
Lubbock.....	2,965,747	52	2,637,300	52	2,637,300	52
Temple.....	2,544,944	58	2,953,500	58	3,403,500	60
Weslaco.....	6,052,926	109	6,379,200	109	6,379,200	109
Total.....	37,474,987	514	37,902,100	514	39,072,100	518

STATEMENT OF OBLIGATIONS AND STAFF-YEARS BY LOCATION

(On basis of adjusted appropriation)

Location	Actual 1990		Estimated 1991		Estimated 1992	
	Dollars	Staff-Years	Dollars	Staff-Years	Dollars	Staff-Years
UTAH, Logan.....	3,481,426	54	3,777,300	54	3,777,300	54
VIRGINIA						
Suffolk	502,039	11	577,900	11	577,900	11
WASHINGTON						
Prosser.....	2,375,440	46	2,132,400	46	2,132,400	46
Pullman.....	6,231,618	89	6,330,800	89	6,330,800	89
Wenatchee.....	1,084,170	25	1,078,400	25	1,078,400	25
Yakima.....	2,530,586	53	2,395,700	53	2,395,700	53
Total.....	12,221,814	213	11,937,300	213	11,937,300	213
WEST VIRGINIA						
Beckley.....	3,006,070	41	3,062,300	41	3,062,300	41
Kearneysville.....	4,062,838	49	4,314,200	49	4,314,200	49
Total.....	7,068,908	90	7,376,500	90	7,376,500	90
WISCONSIN, Madison.....	5,180,488	57	4,918,600	56	4,918,600	56
WYOMING						
Cheyenne.....	703,277	16	668,300	16	668,300	16
Laramie.....	2,016,917	28	1,936,800	28	1,936,800	28
Total.....	2,720,194	44	2,605,100	44	2,605,100	44
PUERTO RICO						
Mayaguez.....	1,874,019	48	2,198,900	48	2,198,900	48
VIRGIN ISLANDS						
St. Croix.....	242,943	5	276,500	5	276,500	5
OTHER COUNTRIES						
Argentina,						
Buenos Aires.....	378,746	- -	273,700	- -	273,700	- -
France, Behoust.....	1,209,841	3	1,196,900	3	1,196,900	3
Italy, Rome.....	792,304	1	641,100	1	641,100	1
Korea, Seoul.....	174,677	1	175,600	1	175,600	1
Mexico, Tuxtla						
Gutierrez.....	854,633	8	894,000	8	894,000	8
Netherlands,						
Rotterdam.....	362,472	1	332,400	1	332,400	1
Total.....	3,772,673	14	3,513,700	14	3,513,700	14

STATEMENT OF OBLIGATIONS AND STAFF-YEARS BY LOCATION

(On basis of adjusted appropriation)

Location	Actual 1990		Estimated 1991		Estimated 1992	
	Dollars	Staff-Years	Dollars	Staff-Years	Dollars	Staff-Years
Extramural and Funds Administered from Headquarters.....	5,381,149	- -	37,173,900	- -	42,713,900	- -
Contingency Research Fund.....	<u>a/</u>	- -	928,500	- -	928,500	- -
Repair & Maintenance of Facilities.....	14,707,320	- -	14,986,400	- -	14,986,400	- -
Construction of Facilities.....	9,860,000	- -	2,376,000	- -	2,376,000	- -
Unobligated Balance.....	1,990,784	- -	- -	- -	- -	- -
Subtotal, Available or Estimate.....	585,596,872	7,995	623,724,000	7,988	646,724,000	8,028
Allotment to Forest Service.....	326,528	- -	361,000	- -	361,000	- -
Transfer to APHIS.....	222,600	- -	- -	- -	- -	- -
Pay Costs.....	- -	- -	- -	- -	16,042,000	- -
TOTAL, Appropriation...	586,146,000	7,995	624,085,000	7,988	663,127,000	8,028

a/ Obligations incurred in 1990 under the Contingency fund in the amount of \$562,500 are reflected in the locations above.

AGRICULTURAL RESEARCH SERVICE

Buildings and Facilities:

For acquisition of land, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities as necessary to carry out the agricultural research programs of the Department of Agriculture, where not otherwise provided, [\$41,016,000] \$46,100,000:
Provided, That facilities to house Bonsai collections at the National Arboretum may be constructed with funds accepted under the provisions of Public Law 94-129 (20 U.S.C. 195) and the limitation on construction contained in the Act of August 24, 1912 (40 U.S.C. 68) shall not apply to the construction of such facilities.

AGRICULTURAL RESEARCH SERVICE

BUILDINGS AND FACILITIES

Appropriation Act, 1991.....	\$41,016,000
Budget Estimate, 1992.....	46,100,000
Increase in Appropriation.....	<u>+ \$5,084,000</u>

SUMMARY OF INCREASES AND DECREASES

(on basis of appropriation)

Items of Change	1991 Estimated	Program Changes	1992 Estimated
Beltsville Agricultural Research Center, Beltsville, Maryland.....	\$16,000,000	+\$4,000,000	\$20,000,000
U.S. Salinity Laboratory, Riverside, California.....	5,050,000	+5,200,000	10,250,000
Plum Island Animal Disease Center, Greenport, New York.....	- -	+6,000,000	6,000,000
Southern Regional Research Center, New Orleans, Louisiana.....	- -	+2,600,000	2,600,000
National Seed Storage Laboratory, Fort Collins, Colorado.....	3,000,000	-1,200,000	1,800,000
U.S. Fruit and Vegetable Laboratory, Yakima, Washington.....	5,050,000	- -	5,050,000
Poultry Disease Laboratory, Athens, Georgia.....	- -	+ 400,000	400,000
National Animal Disease Center, Ames, Iowa.....	300,000	- 300,000	- -
ARS Bee Laboratory, Weslaco, Texas.....	1,700,000	-1,700,000	- -
Center for Natural Products, Mississippi State, Mississippi....	5,175,000	-5,175,000	- -
National Center for Warm Water Aqua- culture, Stoneville, Mississippi..	1,200,000	-1,200,000	- -
Plant Science Greenhouse Complex - NDSU, Fargo, North Dakota.....	425,000	- 425,000	- -
Plant Stress and Water Conservation Laboratory, Lubbock, Texas.....	600,000	- 600,000	- -
Northwest Small Fruit Center, Oregon/Washington/Idaho.....	175,000	- 175,000	- -
South Central Agricultural Research Center, Lane, Oklahoma.....	1,450,000	-1,450,000	- -
Soil and Water Laboratory, Morris, Minnesota.....	300,000	- 300,000	- -
Rice Research Center, Stuttgart, Arkansas.....	223,000	- 223,000	- -
National Small Grains Germplasm Repository, Aberdeen, Idaho.....	200,000	- 200,000	- -
Columbia Basin Agricultural Research Center, Pendleton, Oregon.....	168,000	- 168,000	- -
TOTAL, AVAILABLE.....	<u>\$41,016,000</u>	<u>+ \$5,084,000</u>	<u>\$46,100,000</u>

PROJECT STATEMENT

(on basis of appropriation)

Project	1990 Actual		1991 Estimated		Increases	1992 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Buildings and Facilities	\$ 4,316,435	- -	\$41,016,000	- -	+\$5,084,000(1)	\$46,100,000	- -
Unobligated Balance	31,872,256	- -	- -	- -	- -	- -	- -
Total Available or Estimate	\$36,188,691	- -	\$41,016,000	- -	+\$5,084,000	\$46,100,000	- -

(1) A net increase of \$5,084,000 for Buildings and Facilities, consisting of:

- (a) An increase of \$20,000,000 for modernization of facilities at the Beltsville Agricultural Research Center, Beltsville, Maryland. (\$16,000,000 available in FY 1991)

Need for change. The Beltsville Agricultural Research Center (BARC) was established in 1910. Current land resources total 7,000 acres and accommodate more than 800 buildings and structures in support of the full spectrum of ARS product quality, and human nutrition research programs. The ARS staff totals about 1,500 including 440 scientists.

BARC is the largest research center in ARS and is regarded as the largest agricultural research center in the world, in terms of program scope and concentration of scientists. BARC has long enjoyed a world-wide image of preeminence in the agricultural sciences because of its long history of research quality, contributions to agriculture, prominent scientists, and as site of ARS's national program leadership. In addition, 18 other Federal and State agencies are colocated with ARS or are immediately adjacent to BARC.

Most of the major ARS facilities and utility support systems at BARC were constructed in the 1930's and 1940's. Acute deterioration and obsolescence of these 50-year old facilities, are readily apparent and are severely hampering the quality of science and the image of BARC as the preeminent agricultural research center.

Recently a consultant study on BARC was completed which produced an overall master plan and cost estimate for the remaining facility modernization work. The overall plan, which is phased over a 11-year period, is estimated to cost \$205 million.

ARS is currently implementing the consultant's recommendations and early findings of the study were reflected in the fiscal years 1989 and 1990 planning funds for BARC modernization, primarily with regard to the reorientation of some modernization funds from lower priority projects towards basic infrastructure needs. A major policy impact which resulted from the early findings also specified the necessity for BARC modernization to incorporate a mix of both construction of new structures and renovation of existing facilities.

The FY 1991 appropriation provided an increase of \$16 million for BARC for the improvement of center-wide support services such as the repair/replacement of a portion of the waste water treatment facilities and the electrical distribution system. Also included in the appropriation was funding for design of a new plant science building, building repairs/renovations, and other operational improvements.

Nature of change. Funds are needed in 1992 to continue the implementation of the modernization plan. ARS proposes another phase of \$20 million in FY 1992 for utility studies, building renovations, design of new insectary and manure lagoon, and the construction of Consolidated Poultry Facility, BARC-West Plant Science Laboratory Building, and Range 2 Greenhouses. The proposed increase will also provide for parking lot and infrastructure repairs, and demolition of buildings which have served their useful purpose. More specifically, the proposed funding provides for:

- o Construction of New Plant Science Laboratory, BARC-West (13.2 million)

Funds are requested for the construction of a new Plant Science Facility at BARC-West. This facility will bring together 55 scientists in a united cluster to advance high priority plant research. Currently these scientists are dispersed and housed in antiquated facilities (Buildings 1 and 4 and in headhouses located in Range 1 and 2--Buildings 9, 10, and 11). The laboratories are not functional given their present conditions. Modern facilities are needed in order to advance high priority research, such as: develop improved pest resistant, high quality germplasm and varieties of major vegetable and fruit crops; reduce costs of soybean products; solve problems of plant growth and flowering, genetic improvement, and the production and maintenance of pathogen and pest-free plants; develop efficient and cost effective means of biocontrol of plant diseases; and solve agricultural problems arising from plant diseases and from lack of efficient association between plants and beneficial microbes. These programs which are widely dispersed in different buildings will be brought together in a new facility consisting of 68,000 square feet of modern laboratory space. Planning and design for this facility was provided in the FY 1991 budget.

- o Modernization of Range 2 Greenhouses

Range 2 of the greenhouse complex at Beltsville is over 45 years old. It is used to support a wide range of research programs, including the development of new florist and nursery crops to make American producers more competitive with foreign imports now flooding U.S. markets; to find new methods for developing disease resistant plants and specialty horticultural crops such as tomatoes, beans, and small fruits; and for breeding plants with improved nutritional quality and longer storage life. Most of the existing greenhouses have outlived their normal useful life expectancy, are inefficient and costly to heat, and are in constant need of repairs. These greenhouses must be systematically modernized to reduce operating costs and provide the proper environment for containment along with more modern temperature and humidity control systems. The modernization plan for Range 2 will be carried out in four phases. Phase I construction is planned for 1992. Additional phases are projected for 1993, 1994, and 1995 with construction to be completed by the end of 1996. The construction cost for phase I is projected at \$2.5 million.

Other proposed high-priority modernization needs at BARC to be addressed with 1992 funds include the following:

- o Construction of consolidated poultry facility; fertilizer storage; polyhouses
- o B-157 dairy food renovation
- o Design of BARC-East water systems
- o Design and construction of Range 4 repairs
- o Design of new insectary; manure lagoon
- o Study to upgrade Bioscience HVAC
- o Annual painting and roof repairs

- o Demolition of old, unused facilities
- o Repairs and maintenance of miscellaneous small projects, including fence repairs

The future needs to complete the modernization plan at BARC (excluding a new Human Nutrition Center) will require a continuing annual appropriation of \$20 million over an eight to nine year period. The remaining types of modernization projects required include the following:

- o Laboratory modernization of poultry, swine, cattle, bio-science, granary, animal parasitology, human nutrition, entomology, energy metabolism, and dairy foods research facilities at BARC.
- o Paving of roads, parking lots, fence repairs, greenhouse upgrades, and waste water treatment facility upgrade.
- o Demolition of outdated facilities.

- (b) An increase of \$10,250,000 for the construction of the U.S. Salinity Laboratory, Riverside, California. (\$5,050,000 available in FY 1991)

Need for change. The United States Salinity Laboratory (USSL) is the national laboratory for research to develop an understanding of the chemistry, physics, and biology of salt-affected soil-plant-water systems. The USSL has played and continues to play a national and international role in developing technology dealing with saline and sodic soil and water resources. Government agencies such as the Environmental Protection Agency and the Soil Conservation Service depend on the laboratory for the development of new information on soil and water management in salt-affected areas. Major international organizations such as U.S. Agency for International Development (USAID) and Food and Agriculture Organization (FAO) depend on the laboratory to provide the future technology needed to cope with worldwide problems in irrigated agriculture.

The USSL was established in 1937. It is now completely surrounded by residential developments. The laboratory buildings are old, costly to maintain, and are inadequate for modern research needs. In FY 1987 the Congress specifically appropriated \$1 million for the planning and design of a new laboratory.

Nature of change. The new facility is to be located at the University of California, Riverside Campus, close to the University's academic departments and libraries. The new laboratory will provide approximately 65,000 square feet of building space plus planting and experimental plot areas. The building space is to include laboratories, office, shop, garage, headhouse/greenhouse, rhizotron, sand tanks, and storage areas.

Incremental construction funds appropriated for this project to date are as follows:

1989	\$900,000
1990	\$2,000,000
1991	\$5,050,000

A total of \$18.2 million is required for the construction and equipment of the USSL facility complex.

The design is complete and construction has been partially funded. FY 1992 funds in the amount of \$10.25 million are required to fully fund the project and allow construction to begin.

- (c) An increase of \$6,000,000 for the modernization of the Plum Island Animal Disease Center, Plum Island New York.

Need for change. The Plum Island Animal Disease Center (PIADC) was established by an Act of Congress in 1954. The former Fort Terry Facility complex which was active until the end of World War II was transferred from the Department of Defense to USDA. The USDA's PIADC is located on a federally-owned 840-acre island located approximately two miles off the eastern tip of Long Island, New York.

The Plum Island Animal Disease Center (PIADC), Greenport, New York, is not only a unique national resource but also a hemispheric resource which must conduct state-of-the-art research and diagnostic work on foreign animal diseases. Foreign animal diseases are a continuous threat to U.S. livestock populations. The United States must have a special center for foreign animal disease diagnosis and research. Plum Island is the only site in the United States authorized by Congress to carry out such research on foreign animal diseases. There are no alternative Federal mainland sites available with adequate facilities to conduct this research, nor are there any alternative mainland biocontainment facilities available in the public/private industry sectors. Moreover, the use of new technologies such as DNA for disease diagnosis and control--monoclonal antibodies, nucleic acid probes, subunit/synthetic vaccines further necessitates the use of the very best and most modern methodology be applied to research on diseases regulated by Federal law.

APHIS foreign animal disease control strategies rely very heavily on slaughter of affected and in-contact animals, with burial or burning of carcasses, and chemical spraying of insect vectors. Increasing public concern on animal welfare, humane slaughter, groundwater pollution, air pollution, and chemical hazards of pesticides makes development of alternative control strategies a very high priority, including better vaccines with quicker response, antiviral drugs for prophylaxis on in-contact animals, and more sensitive agent detection methods. Emphasis on national competitiveness and prosperity of U.S. agriculture requires the United States to encourage novel control strategies such as development of transgenic cattle, sheep, and swine resistant to major foreign animal diseases (such as foot-and-mouth disease, African swine fever, trypanosomiasis) that could be exported by U.S. breeders to countries where these diseases are major constraints to production. Major renovation of the center is needed to ensure high-quality research and biosafety operations.

During the period 1985 through 1988, ARS pursued with the Congress approval to consolidate facility operations from 50 structures into approximately 26 structures in order to accrue savings in annual energy and repair and maintenance costs. In 1989, Congress authorized the consolidation concept and provided funding for the initial colocation of some ARS and APHIS research and diagnostic operations into one building complex for this purpose.

In 1989, ARS and APHIS also initiated an effort to develop an overall long-range plan for the repair and maintenance of the 23 remaining buildings and supporting infrastructure after

consolidation. An architectural-engineering firm has completed a detailed study of facility deficiencies which total an estimated \$85 million. The consultant has recommended a 6-year phased plan (containing appropriate escalation costs from FY 1992 to FY 1997) for design and construction to correct the facilities condition and code deficiencies. Based on projected usage and occupancy of the consolidated facility, ARS and APHIS will be shouldering a 60%/40% cost-sharing of modernization needs.

Nature of change. ARS proposes an increase of \$6 million for Plum Island in FY 1992 to provide for the first increment to the 6-year phased plan to modernize the center, concurrent with a \$3.5 million request in the APHIS budget.

Major deficiency findings for all engineering disciplines, e.g., civil, mechanical, electrical, architectural, and structural have been identified. The consultant has recommended the following high priority infrastructure and physical plant repair and improvements to be implemented with the initial construction funds:

- o Building 101 Chiller Upgrade
- o Dock and Pier Repair
- o Motor Controls
- o Sub Cable
- o Asbestos Removal
- o Paving

The asbestos removal work identified above only represents the first phase of the removal project. Future asbestos removal projects are expected as subsequent phases of the modernization program are implemented in the 26 various buildings.

The future needs to complete the modernization at Plum Island will require additional appropriations estimated at \$85 million. The remaining types of modernization projects required include the following:

- o Boiler and Steamline Upgrade
- o Electrical Upgrade
- o Incinerator Upgrade
- o Fencing and Road Repair
- o Fuel Oil Distribution Systems
- o Septic Tanks
- o Building Mechanical, Electrical, Asbestos Removal, and Life Safety Upgrades
- o Cooling Tower, Pumps

- (d) An increase of \$2,600,000 for the modernization of the ARS Southern Regional Research Center, New Orleans, Louisiana.

Need for change. Advanced research requires modern laboratory facilities. Outmoded facilities are hampering the ability of

scientists to conduct cutting-edge work. The Agency has also experienced problems in attracting the best scientists when presented with old deteriorated laboratory facilities. With better facilities and equipment and a better working environment, more and better research would be further realized by the Agency. Also, the safety and health of our employees would be improved and operating costs would be reduced.

The ARS regional research centers were mostly constructed during the 1940's. The research carried out in the regional research centers is vital to the Agency's overall research agenda to improve environmental quality, human health and safety, and increase market competitiveness and profitability.

Due to aging, many of the major building systems; e.g., heating, ventilation, air-conditioning, electrical, roofs, and infrastructure (paving, fences, steam and water lines, and waste treatment and disposal systems) have either reached or passed their useful life expectancy. Other facility deficiencies involving safety and health needs, such as asbestos removal and building code upgrade requirements, are prevalent and must be corrected.

Facility deficiency studies were undertaken with professional engineering contracts to identify needs and cost estimates to upgrade these facilities to meet current standards in terms of utility systems. In addition, the Agency has identified safety and health deficiencies, and asbestos removal requirements and other laboratory modification as critical needs requiring immediate attention at these centers.

A design contract was awarded for the modernization of SRRC in FY 1990. Exterior utilities and power plant upgrade along with phased laboratory upgrade designs call for construction sequencing over a period of 5 to 6 years.

Nature of change. ARS proposes an increase of \$2.6 million at SRRC, New Orleans, Louisiana, for the construction of phase II Chemical Wing modernization, covering approximately 16,000 square feet. Program funds in the amount of \$505,000 will be added to this requested amount to pay for needed inspection and logistical support. In FY 1991, ARS funded \$2 million to construct the first phase of the Chemical Wing which involves renovation of 8,500 square feet including an existing stairwell and bathrooms, installation of an elevator, abatement of asbestos, construction of a new stairwell, and site utility upgrades.

The future needs to complete the modernization of the Chemical Wing at SRRC will require additional appropriations estimated at \$16.5 million. The remaining type of work required includes the following: continuing renovation of laboratories such as new casework, HVAC systems, life safety repairs, windows, and room finishes. Full completion of the SRRC modernization program will require an additional \$20 million to cover the Administration Wing, Industrial Wing, and miscellaneous site improvements, which has not been studied to determine phasing and annual costs.

- (e) An increase of \$1,800,000 for construction of the expansion and renovation of the present National Seed Storage Laboratory, Fort Collins, Colorado. (\$3,000,000 available in FY 1991)

Need for change. The present National Seed Storage Laboratory (NSSL), constructed in 1957, has reached capacity and has various functional deficiencies which compromise its ability to provide adequate long-term germplasm storage. While the National Plant Germplasm System includes numerous smaller working collections, the NSSL is the most important germplasm repository for major crops in the world. It houses the entire base seed collections of all major U.S. crops for long-term storage and preservation.

It is imperative that we take immediate action to begin construction of the NSSL facility. Emergency measures to address the storage capacity problems at this facility are, in fact, currently in effect. As an interim measure, seeds for certain crops are being diverted to other alternate working sites for collection and preservation. These facilities are not suitable for long-term seed preservation and therefore place at risk a portion of our base collection of unique crop germplasm.

The continuing ability of the NSSL to accept new germplasm repositories is critical to the agricultural industry. Valuable crop germplasm around the world is increasingly being lost because of man's activities. For this endangered germplasm to be available to future generations, its collection and preservation must be sustained if not accelerated. Availability of a wide variety of genetic material is crucial to significant research breakthroughs in biotechnology applications. Collection of germplasm is far from being exhausted for most of our food, fiber, and forage crops. Currently there are about 210,000 seed samples (accessions) in the NSSL. Plans are now being developed for acceleration of collection of germplasm, especially wheat, corn, soybeans, vegetables, and forage crops further dictating the need for expanded storage facilities.

A facility is needed with the capacity of storing more than one million seed accessions including the additional need for preserving seeds of endangered native plants, of new crop species having economic importance, and for specialized storage required by DNA research. The existing facility would be renovated as part of this project to house germplasm research.

Due to the inadequate storage capacity at the existing facility Congress appropriated \$1 million in FY 1988 for planning and design of the renovation of the existing laboratory and the construction of a new building addition for germplasm storage. The planning and design has been completed. Incremental construction funds appropriated for this facility to date are as follows:

1989	\$2,750,000
1990	\$5,500,000
1991	\$3,000,000

Nature of change. A total of \$13.05 million is required for construction of the expansion and the renovation of the present NSSL. This includes the FY 1992 request for \$1.8 million.

- (f) An increase of \$5,050,000 for the construction of the Yakima Agricultural Research Laboratory, Yakima, Washington. (\$5,050,000 available in FY 1991)

Need for change. The Yakima Agricultural Research Laboratory conducts research on the biology, ecology, and control of insects and mite pests of deciduous fruits, vegetables, and field crops.

The current laboratory facilities are leased and are located on approximately 9 acres of land within the city limits of Yakima. Urban development has encroached to a point where it is extremely difficult now to conduct normal research activities. In addition, there has been a long standing need to provide for additional ARS buildings and research facilities from the 37 separate buildings that now occupy the 9-acre site. There is also inadequate space for orchards and research plots.

There is a pressing need to relocate this research laboratory since the present lease expires in 1991, without specific assurances for lease extension beyond 1991. In FY 1988, Congress provided \$1 million for the planning and design of a new research facility at Yakima. ARS representatives have worked closely with industry representatives to find a suitable site for the proposed new facility. ARS has acquired (through donation) approximately 10 acres of land from the Washington State Tree Fruit Commission. There are also approximately 50 acres of adjacent land that can be leased. Incremental construction funds appropriated for this project to date are as follows:

1989	\$900,000
1990	\$1,000,000
1991	\$5,050,000

Nature of change. The design will be completed during the second quarter of FY 1992. The new facility, when completed, will provide approximately 50,000 square feet of laboratory space and supporting structures. New office-laboratory facility and supporting structures are expected to cost \$12 million to construct, including provisions for specialized research equipment needs.

ARS' request for \$5.05 million will provide for the last required increment of funding for construction of this priority facility.

(g) An increase of \$400,000 for the planning of a Poultry Disease Laboratory Addition, Athens, Georgia.

Need for change. New demands have been placed on USDA research facilities at the Southeast Poultry Research Laboratory since the avian influenza outbreak which occurred in 1983 and 1984 in the states of Pennsylvania, Virginia, and Maryland. The addition of this facility will provide high containment needs to house research on highly lethal avian influenza. The research laboratory at this location represents the primary effort in ARS to solve avian disease problems associated with pathogens of foreign origin.

This facility will provide both immediate and long-range needs to allow ARS scientists to address the urgent problems in lethal avian influenza and exotic Newcastle disease of action agencies and the poultry industry. The facility is of national interest since research for these two exotic avian disease is restricted to only the highest animal containment laboratories.

Nature of change. ARS proposes an increase of \$400,000 to provide for the planning and design of an additional animal laboratory wing designed primarily to house infected poultry as well as the necessary support laboratories to carry out essential research on avian influenza, concurrent with exotic Newcastle disease research efforts in the present containment space. This facility would provide for a more comprehensive program of research to solve exotic diseases in poultry.

The new facility will provide approximately 10,000 square feet and will be a single story multiwinged structure containing animal holding and laboratory spaces designed to safely contain the most hazardous of poultry pathogens.

- (h) A decrease of \$41,016,000 to delete funds contained in the FY 1991 Appropriations Act for planning and construction projects.

Need for change. Funds for projects contained in the FY 1991 Appropriations Act are available until fully expended and are not required in the FY 1992 Appropriation Act.

Agricultural Research Service
Status of Construction Projects as of December 1990

Status of research facilities authorized or funded in prior years and reported as uncompleted in the 1991 Explanatory Notes, is as follows:

NOTE: Design criteria, provided by ARS, specifies the program requirements for the facility and forms the basis for negotiation of architect-engineer contracts. Diagrammatic drawings or concept drawings provide the basis for the first review of the architect's design. Tentative drawings or architect's design are provided by the architect for firming up cost estimates and basis for developing the completed, and final working drawings.

<u>Location and Purpose</u>	<u>Year</u>	<u>Amount of Funds Provided</u>	<u>Description</u>
<u>Arkansas, Stuttgart Rice Research Center</u>	1991 Planning	\$223,000	Project scope, budget, and schedule to be developed by the second quarter of FY 1991.
<u>California, Albany Plant Gene Expression Center, Greenhouse</u>	1989 Construction	700,000	Construction will be completed fourth quarter of FY 1991. Original construction contract terminated for default resulting in delays in completion.
<u>California, Riverside U.S. Salinity Laboratory</u>	1987 Plans 1989 Construction 1990 Construction 1991 Construction Total	1,000,000 900,000 2,000,000 5,050,000 8,950,000	Design complete. No construction can be started until the total construction has been funded. Additional funds of \$10,250,000 are requested in the FY 1992 Budget.
<u>Colorado, Ft. Collins National Seed Storage Laboratory</u>	1988 Plans 1989 Construction 1990 Construction 1991 Construction Total	1,000,000 2,750,000 5,500,000 3,000,000 12,250,000	Bids for construction will be received the second quarter of FY 1991. Additional funds of \$1,800,000 are requested in the FY 1992 Budget.

Status of Construction Projects as of December 1990 (con't.)

<u>Location and Purpose</u>	<u>Year</u>	<u>Amount of Funds Provided</u>	<u>Description</u>
<u>District of Columbia</u> <u>U.S. National Arboretum,</u> <u>Brickyard Upgrade and</u> <u>New York Avenue Entrance</u> <u>Upgrade</u>	1989 Reprogrammed for Design and Construction	2,000,000 (a)	Design complete. A \$1 million contract for construction of New York Avenue entrance and parking lot was awarded the fourth quarter of FY 1990 and will be completed the first quarter of FY 1992. The Brickyard is currently undergoing a hazardous waste, e.g., asbestos removal, underground fuel storage tank, study for the purpose of determining costs associated with cleanup. It is anticipated that the project scope, budget, and schedule for design and construction of the upgrade will be developed by the second quarter of FY 1991.
<u>Idaho, Aberdeen</u> <u>National Small Grains</u> <u>Germplasm Repository</u>	1991 Construction	200,000	Project scope, budget, and schedule to be developed by the second quarter of FY 1991.
<u>Idaho, Oregon & Washington</u> <u>Northwest Small Fruit</u> <u>Center</u>	1990 Feasibility Study 1991 Plans	50,000 175,000 <u>225,000</u>	A feasibility report on developing a Northwest Small Fruit Center was sent to Congress in the fourth quarter of FY 1990, per the directive in House Conference Report No. 101-361. Project scope, budget and schedule to be developed by the second quarter of FY 1991.
<u>Iowa, Ames</u> <u>National Soil Tillth</u> <u>Center</u>	1984 Plans 1985 Construction Total	800,000 11,100,000 <u>11,900,000</u>	Construction of the Center is complete. A contract to install a rhizotron within the existing facility was awarded during the fourth quarter of FY 1990 and will be completed during the fourth quarter of FY 1991.
<u>Necropsy, National</u> <u>Animal Disease Center</u>	1991 Planning	300,000	Project scope, budget and schedule to be developed by the second quarter of FY 1991.

Status of Construction Projects as of December 1990 (con't.)

<u>Location and Purpose</u>	<u>Year</u>	<u>Amount of Funds Provided</u>	<u>Description</u>
Maryland, Beltsville Building 007 (\$2 Million) General Upgrading of Facilities (\$2.6 Million) Clean and Refine Water Lines (\$1.15 Million)	1988 Plans and Construction	5,750,000	Building 007 construction contract was awarded the fourth quarter of FY 1988 and will be completed the third quarter of FY 1991. The general upgrading of facilities line item has been allocated for construction contracts for Buildings 003, 204, 264, 303, 306, 307, and 476. A construction contract for the cleaning and relining of water lines was awarded the fourth quarter of FY 1990 and will be completed the second quarter of FY 1991.
Animal Research Bldg. for Human Nutrition	1989 Recovered Funds	825,938 (a)	A contract for construction was awarded the third quarter of FY 1990 and will be completed the second quarter of FY 1991.
Modernization of Facilities	1989 Modernization Plans and Construction	6,100,000	Construction contract for renovation of Building 003 awarded in the fourth quarter of FY 1989 and will be completed in the first quarter of FY 1992. Building 203 (Boar House) construction contract awarded in the fourth quarter of FY 1989 and will be completed in the second quarter of FY 1991. Construction of pesticide handling facilities was awarded the fourth quarter of FY 1989 and completed the first quarter of FY 1991. Building 204 construction contract awarded the fourth quarter of FY 1989 and will be completed the second quarter of FY 1991.
Modernization of Facilities	1990 Modernization Plans and Construction	10,000,000	Construction contract for repair/replacement of steamlines awarded the fourth quarter of FY 1990 to be completed the first quarter of FY 1992. Design contract for repair of Powder Mill Road awarded the fourth quarter of FY 1990 to be completed the fourth quarter of FY 1991. Design contract for upgrade of electrical distribution systems awarded the fourth quarter of FY 1990 to be completed the third quarter of FY 1991. Design contract for upgrade of Building 050 HVAC system awarded the third quarter of FY 1990 to be completed the second quarter of FY 1991.

Status of Construction Projects as of December 1990 (con't.)

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<u>Location and Purpose</u>	<u>Year</u>	<u>Amount of Funds Provided</u>	<u>Description</u>
<u>Maryland, Beltsville</u> <u>Modernization of</u> <u>Facilities</u>	1991 Modernization Plans and Construction	16,000,000	Design for modernization of Building 001 to be awarded the second quarter of FY 1991 and will be completed the second quarter of FY 1992. Design of Central Hay Storage Facility to be awarded the second quarter of FY 1991 and to be completed the first quarter of FY 1992. Design for the modernization of Range 2 Greenhouses will be started the second quarter of FY 1991 and will be completed the first quarter of 1992. Design for completion of Free Stall Barn will be started the second quarter of FY 1991 and is to be the first quarter of 1992. Design of the Plant Science Building will be started the second quarter of 1991 and is scheduled to be completed the second quarter of 1992.
<u>Minnesota, Morris</u> <u>Soil and Water Lab</u>	1991 Plans	300,000	Project scope, budget, and schedule to be developed by the second quarter of FY 1991.
<u>Mississippi, Oxford</u> <u>Center for Natural</u> <u>Products</u>	1988 Feasibility and Planning 1989 Planning 1990 Planning and Construction 1991 Construction	50,000 b/ 400,000 b/ 3,875,000 c/ 5,175,000	Project scope, budget, and schedule will be developed jointly with the University of Mississippi by the second quarter of FY 1991.
<u>Mississippi, Stoneville</u> <u>Natural Center for Farm</u> <u>Raised Catfish</u>	1991 Plans	1,200,000	Project scope, budget, and schedule to be developed by the second quarter of FY 1991.
<u>Nebraska, Clay Center</u> <u>Animal Health System</u> <u>Research Laboratory</u>	1986 Reprogrammed for Planning and Construction 1989 Reprogrammed Total	4,000,000 +820,200 <u>4,820,200</u>	Construction of the facility was completed the fourth quarter of FY 1990.

Status of Construction Projects as of December 1990 (con't.)

<u>Location and Purpose</u>	<u>Year</u>	<u>Amount of Funds Provided</u>	<u>Description</u>
<u>New York, Plum Island Plum Island Animal Disease Center</u>	1989 Recovered Funds	10,811,401 (a)	Design to consolidate all laboratory facilities and evaluate the use of the existing vaccine research laboratory structure for Joint Agricultural Research Service and Animal and Plant Health Inspection Service optimum utilization is scheduled to be completed the third quarter of FY 1991.
<u>North Dakota, Fargo Plant Science Greenhouse Complex, North Dakota State University</u>	1991 Construction	425,000	Project scope, budget, and schedule to be developed by the second quarter of FY 1991.
<u>Oklahoma, Lane South Central Agricultural Research Center Phase III Construction</u>	1989 Plans 1990 Plans 1991 Construction Total	140,000 150,000 1,450,000 <u>1,740,000</u>	A contract for design of Phase III was awarded the second quarter of FY 1990 and will be completed the third quarter of FY 1991. Construction contract award for Phase III (A) is scheduled for the fourth quarter of FY 1991.
<u>Oregon, Pendleton Columbia Basin Agricultural Research Center</u>	1991 Feasibility	168,000	Project scope, budget, and schedule will be developed jointly with the University of Oregon by the second quarter of FY 1991.
<u>South Carolina, Charleston U.S. Vegetable Laboratory</u>	1988 Feasibility 1990 Plan & Construction Total	50,000 <u>1,135,000</u> <u>1,185,000</u>	A contract for an environmental assessment was awarded the first quarter of FY 1991 and will be completed the second quarter of FY 1991. A contract for design of Phase I of the facility is scheduled for award the second quarter of FY 1991.

Status of Construction Projects as of December 1990 (con't.)

<u>Location and Purpose</u>	<u>Year</u>	<u>Amount of Funds Provided</u>	<u>Description</u>
<u>Texas, Houston</u> <u>Children's Nutrition</u> <u>Research Center</u>	1984 Plans	5,500,000	Construction is completed.
	1984 Construction	49,000,000	
	Total	<u>54,500,000</u>	
<u>Texas, Lubbock</u> <u>Plant Stress and Water</u> <u>Conservation</u> <u>Laboratory</u>	1978 Feasibility Study	100,000	Lease agreement for the site was executed the third quarter of FY 1990. A contract for design of the headhouse/greenhouse, a master plan for design of the new facility, and a study to determine the feasibility of modifying the Ames, Iowa, National Soil Tillth Laboratory design for construction of the new facility was awarded the fourth quarter of FY 1990. Design of headhouse/greenhouse and master plan will be completed the second quarter of FY 1991. Project scope, budget, and schedule for laboratory redesign to incorporate National Soil Tillth Laboratory specifications to be developed by the second quarter of FY 1991.
	1979 Plans	800,000	
	1984 Plans	500,000	
	1990 Construction	500,000	
	1991 Plans	600,000	
	Total	<u>2,500,000</u>	
<u>Texas, Weslaco</u> <u>ARS Bee Laboratory</u>	1990 Plans	340,000	A contract for design was awarded the fourth quarter of FY 1990 and will be completed the first quarter of FY 1992.
	1991 Construction	<u>1,700,000</u>	
	Total	<u>2,040,000</u>	
<u>Washington, Yakima</u> <u>U.S. Fruit and</u> <u>Vegetable Laboratory</u>	1988 Plans	1,000,000	A contract for an environmental assessment was completed the fourth quarter of FY 1990. An A-E contract award will be made the second quarter of FY 1991. Design is scheduled for completion the third quarter of FY 1992. No construction work can be started until the design is complete and the total construction has been funded. Additional funds of \$5,050,000 are requested in the FY 1992 Budget.
	1989 Construction	900,000	
	1990 Construction	<u>1,000,000</u>	
	1991 Construction	<u>5,050,000</u>	
	Total	<u>7,950,000</u>	

Status of Construction Projects as of December 1990 (con't.)

Footnotes:

(a) The ARS has to date recovered \$13,637,339 in satisfaction of judgment from prior year obligations and contract default settlement for the planning and construction of the Animal Diagnostic Center and the Animals Holding Wing at Plum Island, New York. The recovered funds are redirected as follows:

Greenport, Long Island, NY	Consolidation of Facilities at Plum Island, NY, Animal Disease Center	10,811,401
Washington, D.C.	Construction project at the National Arboretum entrance at the New York Avenue corridor	2,000,000
Beltsville, MD	Beltsville Agricultural Research Center	<u>825,938</u>
	Total	13,637,339

(b) Appropriated to ARS and transferred to CSRS.

(c) Appropriated to CSRS.

AGRICULTURAL RESEARCH SERVICE

Passenger Motor Vehicles

The 1992 Budget Estimate does not include the purchase of additional passenger motor vehicles above the 472 passenger motor vehicles presently owned.

The passenger motor vehicles of Agricultural Research Service (ARS) are used almost exclusively by professional research investigators and technical personnel. In the course of their daily work these personnel may need to travel to individual farms, ranches, commercial firms, State agricultural experiment stations, etc. In this type of work a high degree of mobility is required.

It is the policy of ARS to pool the use of motor vehicles for different activities in order to keep the number of vehicles to a minimum and reduce overall costs of maintenance. Monthly vehicle operation reports are required and periodic surveys are made to determine the extent to which vehicles are being used and their condition.

Replacement of passenger motor vehicles.

It is proposed to replace 46 of 472 vehicles currently in operation. These vehicles are located at field stations and are used in connection with research studies and technical assistance. Vehicle replacement is based on funding priority, program management, mileage, and age eligibility.

Age and Mileage Data for passenger-carrying vehicles on hand as of September 30, 1990.

<u>Age-Year Model</u>	<u>Number of Vehicles*</u>	<u>Percent of Total</u>	<u>Lifetime Mileage</u> (thousands)	<u>Number of Vehicles</u>	<u>Percent of Total</u>
1985 or older	342	72	100 and above	14	3
1986	40	9	80-100	51	11
1987	23	5	60-80	96	20
1988	19	4	40-60	121	25
1989	23	5	20-40	102	22
1990	<u>25</u>	<u>5</u>	Under 20	<u>88</u>	<u>19</u>
Total	<u>472</u>	<u>100</u>		<u>472</u>	<u>100</u>

* Includes six vehicles used in foreign countries and six buses.

Aircraft

The Agency currently maintains a fleet of seven aircraft, located at College Station, Texas, and Weslaco, Texas. These specially modified and equipped research aircraft are used in pest control methods, application of agricultural materials, radar tracking of airborne insect migration, infrared and color photography, and evaluating effects of weather on agriculture.

COOPERATIVE STATE RESEARCH SERVICE

Purpose Statement

Cooperative State Research Service is the U.S. Department of Agriculture's principal entree to the university system of the United States for the purpose of conducting agricultural research as authorized by the Hatch Act of 1887, as amended (7 U.S.C. 361a-361i); the Cooperative Forestry Research Act of 1962, as amended (16 U.S.C. 582a-7); Public Law 89-106, Section (2), as amended (7 U.S.C. 450i); and the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3101 et seq.). Through these authorities, the U.S. Department of Agriculture participates with State and other sources of funding to encourage and assist the State institutions in the conduct of agricultural research through the State Agricultural Experiment Stations of the 50 States and the territories; by approved Schools of Forestry; the 1890 Land-Grant Institutions and Tuskegee University; Colleges of Veterinary Medicine; and other eligible institutions.

Cooperative State Research Service participates in a nationwide system of agricultural research program planning and coordination among the State institutions, U.S. Department of Agriculture and the agricultural industry of America. Program coordination and planning are carried out by a Cooperative State Research Service staff located entirely in the Washington, D.C. area. This headquarters unit serves more than 12,000 scientists in the university system of the United States. As of September 30, 1990, there were 177 full-time employees and 15 other than full-time employees.

COOPERATIVE STATE RESEARCH SERVICE

Available Funds and Staff-Years

1990 Actual and Estimated, 1991 and 1992

Item	1990		1991		1992	
	Actual		Estimated		Estimated	
	Amount	Staff: Years	Amount	Staff: Years	Amount	Staff: Years
Direct Appropriations:						
Cooperative State Research Service ...	340,478,000	158	391,339,000	173	387,001,000	188
Buildings and Facilities	45,108,000	10	62,867,000	10	25,000,000	10
Total, Direct Appropriations	385,586,000	168	454,206,000	183	412,001,000	198
Obligations under other USDA						
appropriations:						
Agricultural Marketing Service, 1890 :						
Programs	31,320	- -	- -	- -	- -	- -
Agricultural Research Service:						
Evaluation Studies	286,661	- -	250,000	- -	250,000	- -
Office of Small Scale Agriculture ...	80,925	1	83,602	1	87,782	1
Office of Special Projects and						
Program Systems	22,439	1	- -	- -	- -	- -
Science and Education Programs	304,693	- -	- -	- -	- -	- -
Animal and Plant Health Inspection						
Service:						
Fallen Leaf Lake Conference	5,000	- -	- -	- -	- -	- -
Leafy Spurge Research	93,600	- -	93,600	- -	93,600	- -
Economic Research Service, Agricul-						
tural Business Conference	- -	- -	5,000	- -	- -	- -
Extension Service:						
Aquaculture Education Project	5,000	- -	- -	- -	- -	- -
Office of Special Projects and						
Program Systems.....	22,439	- -	13,522	- -	- -	- -
Science and Education Programs	188,652	- -	- -	- -	- -	- -
Food Science and Inspection Service:						
Biotechnology Workshop	10,800	- -	- -	- -	- -	- -
Salmonella Contamination Research ...	54,000	- -	- -	- -	- -	- -
Veterinary Products Info. System ...	40,000	- -	- -	- -	- -	- -
Foreign Agricultural Service,						
International Trade Pilot Project ...	83,095	- -	- -	- -	- -	- -
National Agricultural Library,						
Science and Education Programs	7,465	- -	- -	- -	- -	- -
Information Services	2,679	- -	2,700	- -	3,000	- -
Office of International Cooperation						
and Development, India Project	5,314	- -	- -	- -	- -	- -
Soil Conservation Service, Hispanic						
National Challenge Forum	15,000	- -	- -	- -	- -	- -
Various agencies sharing cost of						
USDA Small Business Innovation						
Research Program (SBIR)	275,303	- -	350,437	- -	356,262	- -
Various research agencies sharing						
cost of Current Research Information:						
System (CRIS)	721,500	8	735,700	9	735,700	9
Miscellaneous Reimbursements	- -	- -	96,759	- -	30,976	- -
Total, Other USDA Appropriations....	2,255,885	10	1,631,320	10	1,557,320	10
Total Agriculture Appropriations....	387,841,885	178	455,837,320	193	413,558,320	208

Item	1990	Staff:	1991	Staff:	1992	Staff:
	Actual	Years:	Estimated	Years:	Estimated	Years:
Amount	Amount	Amount	Amount	Amount	Amount	Amount
Other Federal Funds:						
AID-PASA, International Research Centers	40,905	- -	43,005	- -	43,005	- -
Forest Service:						
Atmospheric deposition	104,684	- -	108,126	- -	108,126	- -
Forestry research	- -	- -	20,000	- -	- -	- -
Department of Commerce, NOAA, Atmospheric deposition	72,240	- -	74,284	- -	74,284	- -
Department of Defense:						
Computerized Environmental Resources:						
Data System	300,000	- -	200,000	- -	200,000	- -
Biodegradable plastics research	- -	- -	750,000	- -	900,000	- -
Guayule	97,000	- -	- -	- -	- -	- -
Department of Energy, CIRRPC activities	- -	- -	2,000	- -	- -	- -
Department of Interior:						
Bureau of Land Management, Atmospheric deposition	81,296	- -	87,224	- -	87,224	- -
Geological Survey, Atmospheric deposition	489,161	- -	453,816	- -	453,816	- -
National Park Service, Atmospheric deposition	23,000	- -	25,305	- -	25,305	- -
Environmental Protection Agency:						
Atmospheric deposition	26,676	- -	38,440	- -	38,440	- -
Fallen Leaf Lake Conference	4,968	- -	- -	- -	- -	- -
Sustainable agriculture	- -	- -	1,000,000	- -	1,000,000	- -
Food and Drug Administration:						
Biotechnology Conference	10,000	- -	- -	- -	- -	- -
Veterinary Products Info. System ...	45,000	- -	54,000	- -	- -	- -
Tennessee Valley Authority, Atmospheric deposition	15,808	- -	12,480	- -	12,480	- -
Total, Other Federal Funds.....	1,310,738	- -	2,868,680	- -	2,942,680	- -
Total, Cooperative State Research Service.....	389,152,623	178	458,706,000	193	416,501,000	208

	1990 Actual	1991 Estimated	1992 Estimated
Full-Time Equivalent Staff-Years:			
Ceiling.....	178	193	208
Non-ceiling.....	1	3	3
Total.....	179	196	211

COOPERATIVE STATE RESEARCH SERVICE

Permanent Positions by Grade and Staff-Year Summary1990 and Estimated 1991 and 1992

	1990	1991	1992
Grade	Headquarters	Headquarters	Headquarters
ES-6	1	1	1
ES-5	2	2	2
ES-4	2	2	2
GS-16	1	1	1
GS/GM-15	32	36	36
GS/GM-14	20	23	26
GS/GM-13	12	12	12
GS-12	14	15	16
GS-11	5	5	7
GS-10	2	2	2
GS-9	13	14	18
GS-8	5	6	6
GS-7	27	28	30
GS-6	25	28	28
GS-5	11	12	13
GS-4	13	13	15
GS-3	4	4	4
GS-2	2	2	2
Other Graded Positions	--	--	--
Ungraded Positions:	--	--	--
Total Permanent Positions	191	206	221
Unfilled Positions: end-of-year	-14	-15	-15
Total, Permanent Employment, end-of-year	177	191	206
Staff-Years:			
Ceiling	178	193	208
Non-Ceiling	1	3	3
Total	179	196	211

COOPERATIVE STATE RESEARCH SERVICE

CLASSIFICATION BY OBJECTS

1990 and Estimated 1991 and 1992

	1990	1991	1992
Personnel Compensation:			
Headquarters	\$6,870,726	\$7,869,000	\$8,898,000
Field	- -	- -	- -
11 Total Personnel Compensation.....	6,870,726	7,869,000	8,898,000
12 Personnel Benefits	1,064,692	1,229,000	1,399,000
13 Benefits for former personnel	7,000	7,000	7,000
Total Pers. Comp. & Benefits .	7,942,418	9,105,000	10,304,000
Other Objects:			
21 Travel	1,167,303	1,410,000	1,569,000
22 Transportation of things	33,187	36,000	38,000
23.3 Communications, utilities & miscellaneous charges	666,109	704,000	708,000
24 Printing and reproduction.	271,222	288,000	280,000
25 Other services	3,557,440	4,421,539	1,873,129
26 Supplies and materials ...	226,187	254,000	263,000
31 Equipment	282,093	384,000	453,000
41 Grants, subsidies and contributions	368,128,785	441,571,461	396,512,871
Total other objects.....	374,332,326	449,069,000	401,697,000
Total direct obligations	382,274,744	458,174,000	412,001,000
Position Data:			
Average Salary, ES positions .	\$80,960	\$100,100	\$105,105
Average Salary, GM/GS positions	\$37,568	\$39,427	\$40,516
Average Grade, GM/GS positions	9.58	9.73	9.69

COOPERATIVE STATE RESEARCH SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Cooperative State Research Service:

- For payments to agricultural experiment stations, for cooperative forestry and other research, for facilities, and for other expenses, including [~~\$162,293,000~~] \$168,298,000 to carry into effect the provisions of the Hatch Act approved March 2, 1887, as amended, including administration by the United States Department of Agriculture, and penalty mail costs of agricultural experiment stations under section 6 of the Hatch Act of 1887, as amended, and payments under section 1361(c) of the Act of October 3, 1980 (7 U.S.C. 301n.); [~~\$17,820,000~~] \$12,975,000 for grants for cooperative forestry research under the Act approved October 10, 1962 (16 U.S.C. 582a-582-a7), as amended [by Public Law 92-318 approved June 23, 1972], including administrative expenses, and payments under section 1361(c) of the Act of October 3, 1980 (7 U.S.C. 301n.); [~~\$26,346,000~~] \$27,321,000 for payments to the 1890 land-grant colleges, including Tuskegee University, for research under section 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 [(Public Law 95-113)] (7 U.S.C. 3222), as amended, including administration by the United States Department of Agriculture, and penalty mail costs of the 1890 land-grant colleges, including Tuskegee University; [~~\$61,976,000~~] \$26,697,000 for [contracts and grants for agricultural research] special grants under section 2(c) of the Act of August 4, 1965, as amended (7 U.S.C. 450i); \$73,000,000] 450i(c)).
- 4 including administrative expenses: \$125,000,000 for competitive [research] grants under section 2(b) of the Act of August 4, 1965, as
- 5 amended (7 U.S.C. 450i(b)), including administrative expenses; [\$5,551,000 for the support of animal health and disease programs authorized by section 1433 of Public Law 95-113, including administrative expenses; \$1,168,000] \$918,000 for supplemental and alternative crops and products as authorized by the National Agricultural Research, Extension, and Teaching Policy Act
- 6-7 of 1977 (7 U.S.C. 3319d), including administrative expenses; [\$800,000 for grants for research and construction of facilities to conduct research pursuant to the Critical Agricultural Materials Act of 1984 (7 U.S.C. 178); and section 1472 of the Food and Agriculture Act of 1977, as amended (7 U.S.C. 3318), to remain available until expended; \$475,000 for rangeland research grants as authorized by subtitle M of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended;
- 8 \$7,500,000] \$4,000,000 for higher education graduate fellowships grants under section 1417[(a)](b)(6) of [Public Law 95-113,] the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3152(a));] 3152(b)(6)). including administrative expenses: \$1,500,000 for higher education challenge grants under section 1417(b)(1) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3152(b)(1)). including
- 9 administrative expenses: [\$3,750,000 for grants as authorized by section 1475 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 and other Acts; \$3,152,000 for grants to States for the operation of international trade development centers, as authorized by the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3292); \$6,725,000 for low-input agriculture as authorized by the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 4701-4710);] \$4,450,000 for sustainable
- 10 agriculture research and education, as authorized by section 1621 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5811), including administrative expenses; and [\$17,933,000] \$12,992,000 for necessary expenses of Cooperative State Research Service activities, including coordination and program leadership for higher education work of the Department, administration of payments to State agricultural experiment stations, funds for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which [\$8,250,000] \$11,000,000 shall be for a program of capacity building grants to colleges

eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321-326 and 328), including Tuskegee University, of which and not to exceed \$100,000 shall be for employment under 5 U.S.C. 3109; in all, [\$388,489,000] \$384,151,000.

The first change deletes a reference to an amendment to the Act of October 10, 1962 (McIntire-Stennis Cooperative Forestry Research). This citation is not necessary.

The second change adds a citation to the U.S. Code for this program authority.

The third change revises the language to make specific reference to special grants, consistent with the amendment to this authority in the Food, Agriculture, Conservation, and Trade Act of 1990, adds language to provide for administrative expenses, and clarifies the U.S. Code citation.

The fourth change revises the language to make specific reference to competitive grants, consistent with the amendment to this authority in the Food, Agriculture, Conservation, and Trade Act of 1990 and clarifies the program authority citation.

The fifth change deletes language for the animal health and disease research program authorized by section 1433 of Public Law 95-113, as amended.

The sixth change adds language to provide for administrative expenses.

The seventh change deletes language for research and construction authorized by the Critical Agricultural Materials Act of 1984 and for rangeland research grants as authorized by Subtitle M of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended. No funding is proposed for these programs in fiscal year 1992.

The eighth change clarifies language for the CSRS Higher Education programs as amended by the Food, Agriculture, Conservation, and Trade Act of 1990 and adds language to provide for administrative expenses for each of the Higher Education programs.

The ninth change deletes language for Aquaculture Centers as authorized by Section 1475 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended and for grants for international trade development centers as authorized by section 1458A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended. No funding is proposed for these programs in fiscal year 1992.

The tenth change deletes language referring to 7 U.S.C. 4701-4710 that was repealed by the Food, Agriculture, Conservation, and Trade Act of 1990 and replaces it with a new authorization for this program.

COOPERATIVE STATE RESEARCH SERVICE - CURRENT LAW

Appropriations Act, 1991	\$388,489,000
Morrill-Nelson	<u>2,850,000</u>
Total, Appropriations Act, 1991	391,339,000
Budget Estimate, 1992	<u>387,001,000</u>
Decrease in Appropriation	-4,338,000

COOPERATIVE STATE RESEARCH SERVICE - PROPOSED LEGISLATION

Budget Estimate, Current Law, 1992	387,001,000
Change due to proposed legislation (Morrill-Nelson)	<u>-2,850,000</u>
Net Request, President's 1992 Budget Request	384,151,000

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Costs</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Payments under the Hatch Act ..	\$162,293,000	- -	+\$6,005,000	\$168,298,000
Cooperative forestry research .	17,820,000	- -	-4,845,000	12,975,000
Payments to 1890 colleges and Tuskegee University	26,346,000	- -	+975,000	27,321,000
Special research grants	78,046,000	- -	-45,981,000	32,065,000
National Research Initiative competitive grants	73,000,000	- -	+52,000,000	125,000,000
Animal health and disease research, Section 1433	5,551,000	- -	-5,551,000	- -
Federal administration (direct appropriation)	17,933,000	+\$550,000	-5,491,000	12,992,000
Higher education	<u>10,350,000</u>	<u>- -</u>	<u>-2,000,000</u>	<u>8,350,000</u>
Total Available	391,339,000	+550,000	-4,888,000	387,001,000

PROJECT STATEMENT - CURRENT LAW

Project	1990 Actual		1991 Estimated		Increase or Decrease	1992 Estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
1. Hatch Act							
Research program:							
Formula funds	\$114,135,432		\$119,800,508		+\$4,323,600	\$124,124,108	
Regional research.	36,050,563		37,859,313		+1,501,250	39,360,563	
Subtotal	150,185,995		157,659,821		+5,824,850	163,484,671	
Federal Admin. (3%)	4,408,729		4,633,179		+180,150	4,813,329	
Total	154,594,724	54	162,293,000	54	+6,005,000 (1)	168,298,000	59
2. Cooperative Forestry							
Research:							
Research program ..	16,760,630		17,285,400		-4,699,650	12,585,750	
Federal Admin. (3%)	518,370		534,600		-145,350	389,250	
Total	17,279,000	5	17,820,000	5	-4,845,000 (2)	12,975,000	5
3. Payments to 1890							
Colleges & Tuskegee							
University:							
Research program ..	24,261,640		25,555,620		+945,750	26,501,370	
Federal Admin. (3%)	750,360		790,380		+29,250	819,630	
Total	25,012,000	9	26,346,000	9	+975,000 (3)	27,321,000	9
4. Special Research							
Grants:							
Acid precipitation ..	653,000		- -		- -	- -	
Aflatoxin research,							
Illinois	87,000		131,000		-131,000	- -	
Agribusiness manage-							
ment, Mississippi ..	- -		75,000		-75,000	- -	
Agricultural diversi-							
fication, Hawaii ..	154,000		154,000		-154,000	- -	
Agricultural manage-							
ment systems,							
Massachusetts	- -		275,000		-275,000	- -	
Agricultural trade,							
North Dakota	592,000		596,000		-596,000	- -	
Agricultural utiliza-							
tion, Minnesota ...	395,000		500,000		-500,000	- -	
Alternative cropping							
systems in the							
Southeast, S. Carolina:	281,000		277,000		-277,000	- -	
Alternative crops,							
North Dakota	494,000		497,000		-497,000	- -	
Alternative marine &							
fresh water species,							
Mississippi	- -		275,000		-275,000	- -	
Alternative pest							
control, Arkansas ..	1,382,000		1,391,000		-1,391,000	- -	
Alternative to							
Dinoseb, Oregon ...	222,000		225,000		-225,000	- -	
Animal health							
research	5,633,000		- -		- -	- -	
Animal Science Food							
Safety Consortium ..	1,678,000		1,845,000		-1,845,000	- -	
Animal waste dis-							
posal, Michigan ...	- -		37,000		-37,000	- -	
Apple quality re-							
search, Michigan ..	94,000		94,000		-94,000	- -	
Aquaculture research							
(general)	563,000		656,000		-656,000	- -	
Aquaculture, Stone-							
ville, Mississippi.	581,000		600,000		-600,000	- -	

Project	1990 Actual		1991 Estimated		Increase or Decrease	1992 Estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
Asparagus yield decline, Michigan	\$94,000		\$94,000		-\$94,000	- -	
Bean and beet re- search, Michigan	188,000		189,000		-189,000	- -	
Beef fat content, IA	- -		200,000		-200,000	- -	
Belgian endive, Mass.	59,000		67,000		-67,000	- -	
Blueberry shoestring virus, Michigan	91,000		92,000		-92,000	- -	
Broom snakeweed, New Mexico	148,000		150,000		-150,000	- -	
Celery fusarium, Michigan	39,000		39,000		-39,000	- -	
Chesapeake Bay aqua- culture, Maryland	370,000		437,000		-437,000	--	
Cool season legume research	- -		375,000		-375,000	- -	
Cottonseed extraction and oil refining, Texas	- -		75,000		-75,000	- -	
Cranberry/blueberry disease & breeding, New Jersey	257,000		260,000		-260,000	- -	
Dairy & beef photo- period, Michigan	33,000		33,000		-33,000	- -	
Dairy goat research, Prairie View A&M, Texas	74,000		75,000		-75,000	- -	
Dark-end syndrome of potatoes	49,000		- -		- -	- -	
Delta rural revitali- zation, Mississippi	173,000		175,000		-175,000	- -	
Dogwood anthracnose, Georgia, N. Carolina and Tennessee	- -		100,000		-100,000	- -	
Dried bean research, North Dakota	87,000		93,000		-93,000	- -	
Eastern filbert blight, Oregon	- -		75,000		-75,000	- -	
Enhanced livestock production, ND	- -		250,000		-250,000	- -	
Environmental re- search, New York	- -		297,000		-297,000	- -	
Ethanol research, AR	- -		100,000		-100,000	- -	
Expanded wheat pasture, Oklahoma	148,000		275,000		-275,000	- -	
Export Services, Oregon	247,000		348,000		-348,000	- -	
Floriculture, Hawaii	296,000		296,000		-296,000	- -	
Food & Agriculture Policy Institute, Iowa & Missouri	714,000		750,000		-750,000	- -	
Food irradiation, IA	- -		100,000		-100,000	- -	
Food Marketing Policy Center, Connecticut	373,000		393,000		-393,000	- -	
Food systems group, Wisconsin	219,000		261,000		-261,000	- -	
Global change	- -		- -		+5,000,000	5,000,000	
Grasshopper biocon- trol, North Dakota	71,000		73,000		-73,000	- -	
Human nutrition, Iowa	- -		300,000		-300,000	- -	
Human nutrition, LA	- -		800,000		-800,000	- -	
Human nutrition, New York	556,000		556,000		-556,000	- -	
Integrated forest management, Arkansas	- -		25,000		-25,000	- -	

Project	1990 Actual		1991 Estimated		Increase or Decrease	1992 Estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
Integrated orchard management, Vermont	\$49,000		\$49,000		-\$49,000	- -	
Integrated pest management	2,903,000		4,000,000		+1,000,000	\$5,000,000	
Integrated produc- tion systems, Oklahoma	186,000		186,000		-186,000	- -	
International live- stock program, Kansas	94,000		94,000		-94,000	- -	
Iowa Biotechnology Consortium	1,593,000		1,756,000		-1,756,000	- -	
Irrigation/fish pro- duction, Arkansas .	- -		167,000		-167,000	- -	
Leafy spurge bio- control, Montana ..	- -		125,000		-125,000	- -	
Livestock & dairy policy, New York & Texas	518,000		525,000		-525,000	- -	
Lowbush blueberry research, Maine ...	170,000		202,000		-202,000	- -	
Low-input agric., Minnesota	148,000		174,000		-174,000	- -	
Maple research, Vermont	99,000		99,000		-99,000	- -	
Michigan Biotechno- logy Institute ...	2,160,000		2,246,000		-2,246,000	- -	
Midwest Biotechnology: Consortium	2,592,000		2,730,000		-2,730,000	- -	
Milk safety, Pennsylvania	281,000		283,000		-283,000	- -	
Milkweed research, Nebraska	79,000		80,000		-80,000	- -	
Minor crop pest control, Hawaii ...	281,000		285,000		-285,000	- -	
Minor use animal drugs	226,000		450,000		-21,000	429,000	
Mosquito research, riceland agro- ecosystem	450,000		453,000		-453,000	- -	
Multi-cropping strategies for aqua- culture, Hawaii ...	150,000		150,000		-150,000	- -	
National Biological Impact Assessment Program	123,000		300,000		- -	300,000	
Nematode resistance genetic engineering, New Mexico	- -		150,000		-150,000	- -	
New uses for agricul- tural products, Ohio:	131,000		140,000		-140,000	- -	
Nonfood agricultural products, Nebraska .	109,000		110,000		-110,000	- -	
Oil from jojoba, New Mexico	148,000		200,000		-200,000	- -	
Operation small farm, Louisiana	99,000		- -		- -	- -	
Oregon/Massachusetts biotechnology	247,000		500,000		-500,000	- -	
Peach tree short life, South Carolina:	190,000		192,000		-192,000	- -	
Peanut breeding, Georgia	- -		47,000		-47,000	- -	
Pecan weevil, Oklahoma	- -		25,000		-25,000	- -	

Project	1990 Actual		1991 Estimated		Increase or Decrease	1992 Estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
Pesticide clearance.	\$1,975,000	:	\$3,000,000	:	- -	\$3,000,000	:
Pesticide impact assessment	2,437,000	:	2,968,000	:	- -	2,968,000	:
Pesticide research, Washington	49,000	:	484,000	:	-\$484,000	- -	:
Phytophthora root rot, New Mexico ...	- -	:	125,000	:	-125,000	- -	:
Plastic from corn- starch, Nebraska ..	39,000	:	40,000	:	-40,000	- -	:
Potato research	1,310,000	:	1,371,000	:	-1,371,000	- -	:
Preservation and pro- cessing, Oklahoma .	264,000	:	265,000	:	-265,000	- -	:
Prime farmland recla- mation	543,000	:	609,000	:	-609,000	- -	:
Regional barley gene mapping project ...	153,000	:	262,000	:	-262,000	- -	:
Regionalized implica- tions of farm pro- grams, Missouri and Texas	346,000	:	348,000	:	-348,000	- -	:
Rural development centers	494,000	:	500,000	:	-500,000	- -	:
Rural economic devel- opment, Georgia ...	739,000	:	744,000	:	-744,000	- -	:
Rural environmental research, Illinois.	- -	:	75,000	:	-75,000	- -	:
Rural policies in- stitute, Arkansas, Nebraska, Missouri	- -	:	375,000	:	-375,000	- -	:
Russian wheat aphid.	346,000	:	350,000	:	-350,000	- -	:
Safflower research, N. Dakota & Montana	247,000	:	248,000	:	-248,000	- -	:
Sandhills grazing management practices: Nebraska	99,000	:	99,000	:	-99,000	- -	:
Seafood harvesting, processing, market- ing, Mississippi ..	368,000	:	361,000	:	-361,000	- -	:
Seedless table grapes, Arkansas ..	- -	:	50,000	:	-50,000	- -	:
Seedstocks enhance- ment, North Dakota.	197,000	:	198,000	:	-198,000	- -	:
Small fruit research, Oregon, Washington, Idaho	- -	:	125,000	:	-125,000	- -	:
Soil erosion in Pacific Northwest .	584,000	:	- -	:	- -	- -	:
Southwest consortium for plant genetics & water resources ...	380,000	:	400,000	:	-400,000	- -	:
Soybean bioproc- essing, Iowa	- -	:	200,000	:	-200,000	- -	:
Soybean cyst nema- tode, Missouri	281,000	:	333,000	:	-333,000	- -	:
STEEP II - Water quality in Pacific Northwest	- -	:	980,000	:	-980,000	- -	:
Stone fruit decline, Michigan	281,000	:	283,000	:	-283,000	- -	:
Stored grain insects, Kansas	281,000	:	285,000	:	-285,000	- -	:
Subirrigation re- search, Michigan ..	62,000	:	262,000	:	-262,000	- -	:
Sunflower insects, North Dakota and South Dakota	188,000	:	194,000	:	-194,000	- -	:

Project	1990 Actual		1991 Estimated		Increase or Decrease	1992 Estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
TCK smut (wheat) ...	\$247,000	:	\$250,000	:	-\$250,000	- -	:
Tropical & sub-	:	:	:	:	:	:	:
tropical research ..	3,299,000	:	3,320,000	:	-3,320,000	- -	:
Urban pests, Georgia	- -	:	76,000	:	-76,000	- -	:
Water management,	:	:	:	:	:	:	:
Alabama	395,000	:	397,000	:	-397,000	- -	:
Water quality	6,615,000	:	8,000,000	:	+2,000,000	\$10,000,000	:
Wheat genetics,	:	:	:	:	:	:	:
Kansas	99,000	:	149,000	:	-149,000	- -	:
Wild rice research,	:	:	:	:	:	:	:
Minnesota	- -	:	50,000	:	-50,000	- -	:
Wood utilization ...	2,816,000	:	2,852,000	:	-2,852,000	- -	:
Wool research	144,000	:	198,000	:	-198,000	- -	:
World food systems,	:	:	:	:	:	:	:
Indiana and Ohio ..	355,000	:	357,000	:	-357,000	- -	:
Youth science camp,	:	:	:	:	:	:	:
West Virginia	74,000	:	94,000	:	-94,000	- -	:
Federal Admin. (4%)	(2,233,120)	:	(2,479,040)	:	(-1,411,160)	(1,067,880)	:
Total	55,828,000	:	61,976,000	:	-35,279,000	26,697,000	:
Critical Agricultural	:	:	:	:	:	:	:
Materials Act of 1984:	:	:	:	:	:	:	:
Research and con-	:	:	:	:	:	:	:
struction program.	5,141,000	:	776,000	:	-776,000	- -	:
Federal Admin. (3%)	159,000	:	24,000	:	-24,000	- -	:
Total	5,300,000	:	800,000	:	-800,000	- -	:
Rangeland Research	:	:	:	:	:	:	:
Grants (Subtitle M):	:	:	:	:	:	:	:
Research program ..	454,930	:	460,750	:	-460,750	- -	:
Federal Admin. (3%)	14,070	:	14,250	:	-14,250	- -	:
Total	469,000	:	475,000	:	-475,000	- -	:
Aquaculture Centers,	:	:	:	:	:	:	:
Section 1475:	:	:	:	:	:	:	:
Research program ..	3,591,910	:	3,637,500	:	-3,637,500	- -	:
Federal Admin. (3%)	111,090	:	112,500	:	-112,500	- -	:
Total	3,703,000	:	3,750,000	:	-3,750,000	- -	:
International Trade	:	:	:	:	:	:	:
Centers, Sec. 1458A:	:	:	:	:	:	:	:
Program	3,018,640	:	3,057,440	:	-3,057,440	- -	:
Federal Admin. (3%)	93,360	:	94,560	:	-94,560	- -	:
Total	3,112,000	:	3,152,000	:	-3,152,000	- -	:
Sustainable Agric.	:	:	:	:	:	:	:
Program	:	:	:	:	:	:	:
Program	4,262,180	:	6,523,250	:	-2,206,750	4,316,500	:
Federal Admin. (3%)	131,820	:	201,750	:	-68,250	133,500	:
Total	4,394,000	:	6,725,000	:	-2,275,000	4,450,000	:
Supplemental and	:	:	:	:	:	:	:
Alternative Crops,	:	:	:	:	:	:	:
Sec. 1473D:	:	:	:	:	:	:	:
Crambe/Rapeseed ...	321,000	:	500,000	:	-250,000	250,000	:
Guayule research ..	- -	:	668,000	:	- -	668,000	:
Federal Admin. (3%)	(9,630)	:	(35,040)	:	(-7,500)	(27,540)	:
Total	321,000	:	1,168,000	:	-250,000	918,000	:
5. National Research	73,127,000	29	78,046,000	30	-45,981,000 (4)	32,065,000	27
Initiative Competitive:	:	:	:	:	:	:	:
Grants (NRI)	:	:	:	:	:	:	:
Plant science	7,751,000	:	- -	:	- -	- - (a)	:
Soybean research ..	(487,000)	:	(- -)	:	(- -)	- - (a)	:
Alcohol fuels	(507,000)	:	(- -)	:	(- -)	- - (a)	:

Project	1990 Actual		1991 Estimated		Increase or Decrease	1992 Estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
Human nutrition	\$1,481,000	:	(- -)	:	(- -)	- - (a)	:
Animal science.....	4,937,000	:	(- -)	:	(- -)	- - (a)	:
Brucellosis	(469,000)	:	(- -)	:	(- -)	- - (a)	:
Pest science	1,975,000	:	- -	:	- -	- - (a)	:
Biotechnology	:	:	:	:	:	:	:
(animal & plant) ..	18,775,000	:	- -	:	- -	- - (a)	:
Stratospheric ozone.	3,653,000	:	- -	:	- -	- - (a)	:
Forestry	3,949,000	:	- -	:	- -	- - (a)	:
NRI-Natural Resources and Environment ...	- -	:	\$14,000,000	:	+\$9,000,000	\$23,000,000	:
NRI-Nutrition, Food Quality, & Health .	- -	:	4,000,000	:	+9,000,000	13,000,000	:
NRI-Plant Systems ..	- -	:	35,000,000	:	+18,000,000	53,000,000	:
Soybean research ..	(- -)	:	(493,000)	:	(-493,000)	- -	:
Alcohol fuels	(- -)	:	(514,000)	:	(-514,000)	- -	:
Plant genome mapping:	(- -)	:	(11,000,000)	:	(+7,000,000)	(18,000,000)	:
NRI-Animal Systems .	- -	:	20,000,000	:	+10,000,000	30,000,000	:
Brucellosis	(- -)	:	(475,000)	:	(-475,000)	- -	:
NRI-Processes & new products	- -	:	- -	:	+4,000,000	4,000,000	:
NRI- Markets, trade and policy	- -	:	- -	:	+2,000,000	2,000,000	:
Federal Admin. (4%).	(1,700,840)	:	(2,920,000)	:	(+2,080,000)	(5,000,000)	:
Total	42,521,000	42	73,000,000	53	+52,000,000 (5)	125,000,000	68
6. Animal Health and Disease Research, Section 1433:	:	:	:	:	:	:	:
Research program ...	5,190,720	:	5,328,960	:	-5,328,960	- -	:
Federal Admin. (4%).	216,280	:	222,040	:	-222,040	- -	:
Total	5,407,000	2	5,551,000	2	-5,551,000 (6)	- -	- -
7. Federal Administra- tion (Direct App.)(b):	:	:	:	:	:	:	:
Gulf Coast shrimp aquaculture	3,195,000	:	3,365,000	:	-3,365,000	- -	:
Mississippi Valley State University ..	617,000	:	642,000	:	-642,000	- -	:
Iowa State-Center for: Ag. & Rural Dev. ..	741,000	:	741,000	:	-741,000	- -	:
Geographic Informa- tion System Pilot Program	494,000	:	747,000	:	-747,000	- -	:
Water Quality, So. Illinois University	494,000	:	600,000	:	-600,000	- -	:
Water Quality, Iowa State University ..	206,000	:	250,000	:	-250,000	- -	:
Water Quality, Univ. of North Dakota ...	987,000	:	750,000	:	-750,000	- -	:
Vocational Agri- culture Curriculum, Aquaculture	247,000	:	500,000	:	-500,000	- -	:
Maize Genetics Re- search Center, Univ. of North Dakota ...	- -	:	100,000	:	-100,000	- -	:
Herd Management Prog.: Tennessee State Univ:	- -	:	375,000	:	-375,000	- -	:
Alternative Fuels Characterization Lab: University of ND ..	- -	:	250,000	:	-250,000	- -	:
Office of Grants and Program Systems ...	568,000	:	568,000	:	-234,000	334,000	:
Office of Agricul- tural Biotechnology	222,000	:	375,000	:	+25,000	400,000	:
Ag in the Classroom.	135,000	:	170,000	:	+38,000	208,000	:
Peer Panels	247,000	:	250,000	:	+250,000	500,000	:
Pay Costs	- -	:	- -	:	+550,000	550,000	:
1890 Capacity Building Grants ...	5,430,000	:	8,250,000	:	+2,750,000	11,000,000	:
Total	13,583,000	12	17,933,000	14	-4,941,000 (7)	12,992,000	14

Project	1990 Actual Amount	Staff: Years	1991 Estimated Amount	Staff: Years	Increase or Decrease	1992 Estimated Amount	Staff: Years
8. Higher Education:							
Graduate Fellowships :							
Grants	\$2,816,000		\$3,500,000		+\$500,000	\$4,000,000	
Institution Challenge:							
Grants	987,000		1,500,000		- -	1,500,000	
Strengthening Grants :							
1890 Colleges	1,878,000		2,000,000		-2,000,000	- -	
Morrill-Nelson Funds :							
(Permanent Appro.). :	2,810,000		2,850,000		- -	2,850,000	
Farmer Career Change, :							
North Dakota	- -		500,000		-500,000	- -	
Federal Admin. (3%) :	(177,840)		(225,000)		(-60,000)	(165,000)	
Total	8,491,000	5	10,350,000	6	-2,000,000 (8)	8,350,000	6
Total obligations	340,014,724	158	391,339,000	173	-4,338,000	387,001,000	188
Unobligated Balances ..	463,276		- -		- -	- -	
Total, Appropriation ..	340,478,000	158	391,339,000	173	-4,338,000	387,001,000	188

(a) Incorporated within the National Initiative for Research on Agriculture, Food and the Environment.

(b) The amounts listed in this table do not include all the costs associated with the items within the Direct Federal Administration activity. The amounts listed below are the additional costs that are funded for these purposes from the administrative set-aside of program funds.

Project	1990 Actual	1991 Estimated	1992 Estimated
Ag in the Classroom ...	\$88,300	\$32,414	- -
Office of Agricultural Biotechnology	228,102	156,947	\$158,544
Peer Panels	423,143	564,138	458,138
Office of Grants and Program Systems	4,061,568	4,838,440	5,695,245
Other, Federal Administration	4,801,113	5,591,939	6,311,927

EXPLANATION OF PROGRAM

The funds appropriated for the Cooperative State Research Service (CSRS) provide the Federal Government's support for research and education programs at land-grant agricultural experiment stations, approved schools of forestry, the 1890 land-grant institutions and Tuskegee University, colleges of veterinary medicine, and other eligible institutions in the fifty States and in Puerto Rico, Guam, the Virgin Islands, the District of Columbia, American Samoa, Micronesia, and the Northern Mariana Islands.

The State institutions conduct research and experiments on the problems continuously encountered in the development of a permanent and sustaining agriculture and forestry, and in the improvement of the economic and social welfare of rural and urban families. Because of differences in climate, soil, market outlets, and other local conditions, each State has distinct problems in the production and marketing of crops and livestock. Farmers, foresters, and rural people in the individual States naturally look to their State Agricultural Experiment Stations, universities, and colleges for solution of the State and local problems and request services to help meet changing conditions.

Research programs at State institutions, to be most effective, include participation in regional and national programs. Joint effort by a group of State institutions is the most effective and often the only practical approach to problems of common interest. The stations are acting together as regional groups to provide cooperative, coordinated attacks on problems of regional and national interest. In a similar manner, the research programs of the State institutions and the Department of Agriculture are complementary and interdependent.

The Federal formula funds constitute a powerful force in bringing about inter-State cooperation and Federal-State collaboration in the planning and conduct of this overall program of agricultural research. Therefore, the impact of the Federal formula funds is far greater than would be expected solely on the basis of the amount of funds provided.

Research at the State institutions is organized into a program of projects that is submitted for approval by the Cooperative State Research Service. The program of projects is financed wholly or in part from Federal formula and grant funds. Programs and projects are evaluated periodically with station scientists by administrators and scientific staff of the Cooperative State Research Service. The evaluation includes consideration of quality and productivity of the program and projects. The continuing process of research evaluation by station scientists and the staff of the Cooperative State Research Service results in a dynamic program with approximately 15 to 20 percent of the projects being replaced by new and/or revised projects each year.

The Department's higher education mission is carried out in strong alliance with States, universities, and the private sector. Recognizing the significance of this alliance, the Food and Agriculture Act of 1977 designated USDA as the lead Federal agency for higher education in the food and agricultural sciences. Through the CSRS Office of Higher Education Programs, USDA has implemented that charge with a broad array of initiatives to link teaching, research, and extension and improve the training of food and agricultural scientists and professionals. Most of these efforts were informal until 1984, when the Department initiated the National Needs Graduate Fellowships Grants Program to develop expertise in areas with scientific shortages. This role was expanded significantly in recent years by implementation the Higher Education Challenge Grants Program and the 1890 Institution Teaching and Research Capacity Building Grants Program, both of which are intended to strengthen the quality of education programs at U.S. colleges and universities.

Appropriations for the Cooperative State Research Service activities are authorized under the following Acts:

1. Payments to agricultural experiment stations under the Hatch Act
 Agricultural Experiment Stations Act of August 11, 1955, Hatch Act of 1887 as amended - 7 U.S.C. 361a-361i, Public Law 92-318; Public Law 93-471; Public Law 95-113, as amended; Public Law 95-134; Public Law 96-205; Public Law 96-374; Public Law 96-597; Public Law 97-98; Public Law 98-213; Public Law 98-454; Public Law 99-198; Public Law 99-396; Public Law 101-624.

Funds under the Hatch Act are allocated to the State Agricultural Experiment Stations of the 50 States, District of Columbia, Puerto Rico, Guam, the Virgin Islands, Micronesia, American Samoa, and Northern Mariana Islands for research to promote a sound and prosperous agriculture and rural life. The Hatch Act provides that the distribution of Federal payments to States for fiscal year 1955 shall become a fixed base and that any sums appropriated in excess of the 1955 level shall be distributed in the following manner:

- 20% shall be allotted equally to each State.
- not less than 52% shall be allotted to the States as follows:
 - one-half in an amount proportionate to the relative rural population of each State to the total rural population of all States, and
 - one-half in an amount proportionate to the relative farm population of each State to the total farm population of all States.
- not more than 25% shall be allotted to the States for cooperative research in which two or more State Agricultural Experiment Stations are cooperating to solve problems that concern the agriculture of more than one State.
- 3% shall be available to the Secretary of Agriculture for the administration of this Act.

The Act also provides that any amount in excess of \$90,000 available for allotment to any State, exclusive of the regional research fund, shall be matched by the State out of its own funds available for research, and for the establishment and maintenance of facilities necessary for the performance of such research. Also, in the case of Guam, the Virgin Islands, Micronesia, American Samoa, and Northern Mariana Islands, agencies are required by law to waive any requirement for local matching funds under \$200,000. If any State fails to make available a sum equal to the amount in excess of their matching requirement to which it may be entitled, the remainder of such amount shall be withheld by the Secretary of Agriculture and reapportioned among the States.

Three percent of funds appropriated under the Hatch Act is set-aside for Federal administration. Administration includes disbursement of funds and a continuous review and evaluation of the research programs of the State Agricultural Experiment Stations supported wholly or in part from Hatch funds. The Cooperative State Research Service encourages and assists in the establishment of cooperation within and between the States, and also actively participates in the planning and coordination of research programs between the States and the Department at the regional and national levels.

2. Cooperative Forestry Research - The Cooperative Forestry Research Act of October 10, 1962, 16 U.S.C. 582a-7; Public Law 96-374; Public Law 97-98; Public Law 99-198; Public Law 101-624.

The Act authorizes funding of research in State institutions certified by a State representative designated by the governor of each State. The Act provides that appropriated funds be apportioned among States as determined by the Secretary after consultation with a national advisory council of not fewer than sixteen members representing Federal and State agencies concerned with developing and utilizing the Nation's forest resources, the forest industries, the forestry schools of the State-certified eligible institutions, State Agricultural Experiment Stations, and volunteer public groups concerned with forests and related natural resources. Determination of apportionments follows consideration of pertinent factors including areas

of non-Federal commercial forest land, volume of timber cut from growing stock, and the non-Federal dollars expended on forestry research in the State. The Act also provides that payments must be matched by funds made available and budgeted from non-Federal sources by the certified institutions for expenditure for forestry research. Three percent of funds appropriated under this Act is set-aside for Federal administration.

3. Payments to 1890 Colleges and Tuskegee University - The National, Agricultural Research, Extension, and Teaching Policy Act of 1977, Section 1445, Public Law 95-113; Public Law 95-547; Public Law 97-98; Public Law 99-198; Public Law 101-624.

Public Law 95-113, as amended, provides for support of continuing agricultural research at colleges eligible to receive funds under the Act of August 30, 1890, including Tuskegee University. Beginning with fiscal year 1979, there shall be appropriated funds for each fiscal year, an amount not less than 15 percent of the total for such year under Section 3 of the Act of March 2, 1887. Distribution of payments made available under section 2 of the Act of August 4, 1965, for fiscal year 1978 are a fixed base and sums in excess of the 1978 level shall be distributed as follows:

- 3% shall be available to the Secretary of Agriculture.
- Payments to States in fiscal year 1978 is a fixed base. Of funds in excess of this amount:
 - 20% shall be allotted equally to each State.
 - 40% shall be allotted in an amount proportionate to the rural population of the State in which the eligible institution is located to the total rural population of all the States in which eligible institutions are located, and
 - 40% shall be allotted in an amount proportionate to the farm population of the State in which the eligible institution is located to the total farm population of all the States in which eligible institutions are located.

Allotments to Tuskegee University and Alabama A&M University shall be determined as if each institution were in a separate State. Three percent of the funds appropriated under this Act is set-aside for Federal administration. This includes disbursements of funds and review and evaluation of research projects.

4. Special Research Grants- Section 2(c), Act of August 4, 1965, 7 U.S.C. 450i(c), as amended by Public Law 95-113; Public Law 97-98; Public Law 98-284; Public Law 99-198; Public Law 101-624.

Section 2(c) of the Act of August 4, 1965, as amended, authorizes Special Research Grants for periods not to exceed five years to State Agricultural Experiment Stations, all colleges and universities, other research institutions and organizations, Federal agencies, private organizations or corporations, and individuals for the purpose of conducting research to facilitate or expand promising breakthroughs in areas of the food and agricultural sciences of importance to the United States; and to State Agricultural Experiment Stations, land-grant colleges and universities, research foundations established by land-grant colleges and universities, colleges and universities receiving funds under the Act of October 10, 1962, and accredited schools or colleges of veterinary medicine for the purpose of facilitating or expanding ongoing State-Federal food and agricultural research programs. Special Research Grants are awarded on the discretionary basis as well as using a competitive peer panel process in the selection of proposals to be funded. Four percent of funds appropriated for this program is set-aside for Federal administration.

Research grants are also awarded under the Critical Agricultural Materials Act, Public Law 98-284, as amended. Rangeland Research Grants are awarded in accordance with Subtitle M of Public Law 97-98. Grants are awarded to aquaculture centers under section 1475(d) of Public Law 95-113, as amended.

Grants for international trade development centers are awarded under section 1458A of Public Law 95-113. Grants for supplemental and alternative crops are awarded under section 1473D of Public Law 95-113. Prior to fiscal year 1992, low-input agricultural productivity research grants were awarded under Subtitle C of Public Law 99-198. The Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101-624) repealed Subtitle C of Public Law 99-198. Grants for sustainable agriculture research and education are being proposed under section 1621 of Public Law 101-624. Three percent of funds appropriated for these programs is set-aside for Federal administration.

5. National Research Initiative Competitive Grants - Section 2(b), Act of August 4, 1965, 7 U.S.C. 450i(b), as amended by Public Law 95-113; Public Law 97-98; Public Law 99-198; Public Law 101-624.

Section 2(b) of the Act of August 4, 1965, as amended, authorizes Competitive Research Grants for periods not to exceed five years to State Agricultural Experiment Stations, all colleges and universities, other research institutions and organizations, Federal agencies, private organizations or corporations, and individuals to further the programs of the Department of Agriculture. By obtaining the participation of outstanding researchers in the entire U.S. scientific community, emphasis will be placed on research in the areas of natural resources and the environment; nutrition, food quality, and health; plant systems; animal systems; markets, trade and policy; and processes antecedent to adding value and developing new products. Four percent of funds appropriated for this program is set-aside for Federal administration.

6. Animal Health and Disease Research - The National Agricultural Research, Extension, and Teaching Policy Act of 1977, Section 1433, Public Law 95-113; Public Law 97-98; Public Law 99-198; Public Law 101-624.

Section 1433 provides for support of livestock and poultry disease research in accredited schools or colleges of veterinary medicine or State Agricultural Experiment Stations that conduct animal health and disease research. These funds shall be distributed as follows:

- 4% shall be retained by the Department of Agriculture for administration, program assistance to the eligible institutions, and program coordination.
- 48% shall be distributed in an amount proportionate to the value of and income to producers from domestic livestock and poultry in each State to the total value of and income to producers from domestic livestock and poultry in all the States.
- 48% shall be distributed in an amount proportionate to the animal health research capacity of the eligible institutions in each State to the total animal health research capacity in all the States.

Eligible institutions must provide non-Federal matching funds in States receiving annual amounts in excess of \$100,000 under this authorization.

7. Federal Administration (direct appropriation) - Authority for direct appropriations is provided in the annual Rural Development, Agriculture, and Related Agencies Appropriations Act. These funds are used to provide support services in connection with research planning and coordination of all programs administered by Cooperative State Research Service. Certain research and higher education program grants, including the 1890 Institution Teaching and Research Capacity Building Grants Program, are also funded under this item.
8. Higher Education - The National Agricultural Research, Extension, and Teaching Policy Act of 1977, Section 1417, Public Law 95-113; Public Law 97-98; Public Law 99-198; Second Morrill Act of 1890; Public Law 100-339; Public Law 101-624.

Higher Education-Strengthening Grants pursuant to Section 1417(b)(1) support resident instruction programs at historically black land-grant institutions and Tuskegee University. Higher Education-Graduate Fellowships Grants pursuant to Section 1417(b)(6) are awarded on a competitive basis to colleges and universities to conduct graduate training programs to stimulate the development of food and agricultural scientific expertise in targeted national need areas. Institution Challenge Grants pursuant to Section 1417(b)(1) are designed to stimulate and enable colleges and universities to provide the quality of education necessary to produce graduates capable of strengthening the Nation's food and agricultural scientific and professional workforce. Three percent of funds appropriated for these programs is set-aside for Federal administration.

Higher education in the food and agricultural sciences at the land-grant institutions is also supported through a permanent appropriation in the Second Morrill Act of 1890, as amended.

Audit Reports

- #50568-227-Kc, 1/25/90, OMB Circular A-128 audit of the State of Colorado, Denver, Colorado, for the year ended June 30, 1988 (closed).
- #50563-174-At, 3/12/90, OMB Circular A-110 audit of Mississippi State University, Starkville, Mississippi, for fiscal year ended June 30, 1988 (closed).
- #50567-32-Hy, 3/22/90, OMB Circular A-128 audit of the Connecticut Agriculture Experiment Station for fiscal years ended June 30, 1986; June 30, 1987; and June 30, 1988 (closed).
- #50568-226-Kc, 4/14/90, OMB Circular A-128 audit of the State of South Dakota, Pierre, South Dakota for the year ended June 30, 1988 (closed).
- #13004-14-At, OIG audit of Cooperative Research Program - Prairie View Agriculture and Mechanical University, Prairie View, Texas.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$6,005,000 for payments to States under the formula provisions of the Hatch Act program (\$162,293,000 available in 1991).

Need for Change. The State-Federal partnership that resulted from the passage of the Hatch Act in 1887 has fostered a network of communication and collaboration that has led to a functional National Cooperative Agricultural Research System. The uniqueness of this system is its ability to meet the national, regional and local needs of the American farmer, consumer and rural community. Funds from the Hatch Act are distributed on a formula basis to the State Agricultural Experiment Stations (SAES) of the 50 States, District of Columbia, Puerto Rico, Guam, the Virgin Islands, Micronesia, American Samoa and the Northern Mariana Islands for research to promote a sound and prosperous agriculture and rural life. Funds are also distributed from a Regional Research Fund to approved national and regional projects to encourage inter-institutional collaboration on problems of national and regional significance.

An additional positive effect of the Hatch Act on the funding of agricultural research is that many States exceed the minimum matching requirement so that the Hatch Act serves as a resource multiplier. At the present time the ratio of Hatch Act funds to State appropriated funds is 1:4, a uniquely successful demonstration of the extended impact of Federal funds.

The SAES need increased resources to address high priority local, regional, and national food and agricultural research issues. Hatch Act funding, and the entrained State funds, have formed a stable base of funding for agricultural research that has served as a seedbed for the germination of new ideas. A long term stable funding base has permitted scientists in the State Agricultural Experiment Stations to be persistent in the search for creative solutions. Ideas that have emerged from this stable system have been expanded and elaborated by funds from other programs, such as the CSRS Special and Competitive Research Grants.

Agriculture continues to face a short-term survival crisis and a long-term need for new technology that will restore competitiveness in both the domestic and international marketplace and enhance profitability. The continuing awareness of the necessity of a pollution free technology that enhances our natural and renewable resources, preserves environmental quality and still permits the production of food and fiber at the lowest possible cost is a challenging objective in our research agenda.

Nature of Change. The State Agricultural Experiment Station system has prepared a strategic plan entitled "Research Agenda for the 1990s." This expanding research agenda of the SAES system must address the growing diversity of science and the contemporary concerns of both domestic and international consumers: natural resource conservation and environmental protection, and the safety and wholesomeness of the U.S. food supply. The strategic plan identifies 31 prioritized research initiatives. The top five research priorities of the SAES system include food safety, improved human nutrition, protecting water quality, safe and effective management of plant pests, and international markets and trade.

The specific agenda is broad and complex. It includes: sustaining soil productivity, maintaining and protecting water quality and quantity, improved multi-use management of rangelands and pastures, determining the effects of atmospheric deposition and global change, increasing the biological efficiency of animals, reducing disease losses in animals, genetically improving crop plants, improving the management of crop pests and diseases, enhancing the economics of agriculture, improving performance and profitability through agricultural policy changes, improving the efficiency of marketing agricultural products, enhancing the rural family

and community well-being, improving our understanding of nutrition and the health status of people, improving our understanding of molecular and cellular processes, improving our use of computer technology for agricultural management, advancing the use of robotics in agriculture, and enhancing the quality of processed food.

These funds will be used to assist the State Agricultural Experiment Stations in maintaining strong base programs across a broad spectrum of high priority research areas. The research conducted by the SAES has been complementary and cooperative with that performed by Federal researchers in contributing to the high level and efficiency of food and fiber production. The effectiveness of research is enhanced by comprehensive knowledge of the characteristics of the production area and close interaction among the researchers and the research users. Research is expanding into new areas and disciplines to meet such challenges as the development of new technology, crops, and markets. These funds will provide the State Agricultural Experiment Stations with continued flexibility needed to address high priority food and agricultural research issues.

- (2) A decrease of \$4,845,000 for payments to States under the formula provisions of the Cooperative Forestry Research program (\$17,820,000 available in 1991).

Need for Change. The Cooperative Forestry (McIntire-Stennis) Research program at land-grant and other State institutions is planned and directed to provide answers to questions that face forest and land owners and managers. State research institutions conduct forestry research under other authorizations which provide opportunity to respond to State, regional, and national priorities as appropriate. A funding reduction is being proposed. The State Agricultural Experiment Stations and Forestry Schools will determine areas to be reduced, however, they have maximum flexibility under this program to tailor research according to specific needs and can continue to fund research in those areas that they identify as highest priority.

Nature of Change. The Cooperative Forestry Research program at the sixty-three participating institutions will be conducted at a reduced level. Ongoing Federal and State forestry research efforts will also continue under other authorizations.

- (3) An increase of \$975,000 for payments to the 1890 Land-Grant Colleges and Tuskegee University under the formula provisions of the Evans-Allen program (\$26,346,000 available in 1991).

Need for Change. The U.S. labor force is rapidly changing. According to the U.S. Bureau of Labor Statistics, the potential pool of scientists and engineers will be increasingly comprised of minorities and women, groups that have been historically underrepresented in science and education. Blacks, for example, comprise only two percent of all employed scientists and engineers even though they are 12 percent of the population, and they earn five percent of the baccalaureates and one percent of the Ph.D.s in science and engineering. Other minority fare little better. Furthermore, a U.S. Department of Labor study reported that growth occupations for the future will require significantly higher levels of education.

Black schools have a proven advantage in retaining and educating black students. It has been reported that more than half of the doctorates awarded to blacks throughout the country in the 1980s went to former students of black colleges. Black colleges enroll only 16 percent of the country's black students (compared to 60 percent 20 years ago) yet they produce 30 percent of the black baccalaureate degrees.

The 1890 land-grant universities are crucial to training minority scientists and engineers in agricultural disciplines. These institutions are moving aggressively to increase institutional capacity, enhance their curricula and broaden their science and engineering research programs. This will strengthen their ability to attract and train minority graduate students in a much broader range of agricultural careers. Graduate degree training is largely achieved through research programs. In addition, they will continue to build on their expertise in traditional areas of strengths such as small-scale agriculture and cultural practices adaptable to sustainable agriculture.

As part of the Department's initiative for the 1890 land-grant institutions and Tuskegee University to develop their institutional capacity, research and technology development must increase to insure returns to society. Following a five-year program of facility modernization, these institutions have the capacity to fulfill an expanded role in research and training. The proposed increase is required to provide adequate resources to permit these institutions to meet the need for advanced technology.

Nature of Change. Increased funding will be used to provide greater emphasis on non-traditional crops and animals that can be easily adapted to the small scale operations. Animal studies on small animals will research suboptimal reproductive performance. The failure to achieve maximum reproductive efficiency is due to problems related to puberty, ovulation, corpus luteum formation and function and poor survival of the young. Also, production systems and markets will be investigated. Increased emphasis will be given to increasing profits through new or improved markets for these non-traditional crops and animals.

These funds will also be used to research diet and health issues. American consumers are increasingly aware that what they eat and drink affects their health. Their concerns are reflected by changes in public demand for different foods and services. Research will look at changes in weight control and wellness programs. Research will be on describing and quantifying sensory characteristics of foods, food products, agricultural commodities, beverages, personal care and other household items. Research studies will continue to assess the nutritional health of adolescent females and to relate their nutritional health status to socioeconomic factors, food habits, nutritional knowledge, behavioral characteristics, physiological development and other appropriate factors.

Increased emphasis will also be on aquaculture, as an alternative crop to diversify farm production. Aquaculture production nationwide is estimated at more than 700 million pounds with a farm market value at more than \$500 million. The market outlook for aquaculture products is generally excellent. Wild harvest on a global scale has leveled off and U.S. per capita consumption of seafood products has increased steadily over the last decade. New technologies in fish and shellfish culture, as well as increasing costs in the traditional fish harvesting sector, have made aquaculture production very competitive with wild harvest. Studies on water quality, physiology and diseases will be among the important research areas.

- (4) A net decrease of \$45,981,000 for Special Research Grants, Critical Agricultural Materials Act, Rangeland Research Grants, Aquaculture Centers, and International Trade Development Centers (\$78,046,000 available in 1991) consisting of:

- (a) An increase of \$5,000,000 for Global Change Special Research Grants (No funding available in 1991).

Need for Change. The USDA, including CSRS and its cooperating universities, has an important role to play in the governmentwide global change program being coordinated through the Committee on Earth and Environmental Sciences. The USDA plan draws on CSRS for the

capability of the university research system to employ its unique competencies and broad geographic locations. Increased research is needed on the problem of increasing amounts of the so-called greenhouse gases related to agriculture. Agriculture is important as both source and sink for these gases.

The concentration of methane in the atmosphere is currently increasing at the rate of approximately one percent per year, raising the carbon content of the atmosphere. Continued increases in the concentration of methane in the atmosphere will lead to greater tropospheric ozone formation (a component of smog) which is considered a threat to human health and to the environment. In addition, increasing methane concentrations change the radiative properties of the atmosphere, contributing to the greenhouse effect. Research is essential to gain better knowledge of the carbon dynamics of the atmosphere and the influence agriculture could have in better managing the carbon balance of the atmosphere.

The burning of fossil fuels has been identified as a major factor in the increasing concentration of carbon dioxide. Reducing the amount of energy required (conservation) and the substitution of biomass energy sources, such as alcohol and vegetable oils, in the U.S. food and agriculture system could significantly reduce carbon dioxide production. Opportunities to achieve these goals are by accelerated research focused on: the production and conversion of woody and herbaceous biomass feedstocks into liquid (alcohol and vegetable oils and their derivatives) and solid fuels. Although biomass fuels are being used both on and off the farm, these fuels are far from reaching their potential role in providing cleaner sources of energy. Currently most of the U.S. fuel ethanol is made from corn. While additional ethanol could be made from corn without adversely impacting food costs, there are additional grain crops and lignocellulosic feedstocks that are potential sources for alcohol production. Also, vegetable oils have the potential as a substitute for diesel fuel. Those with the greatest potential are sunflower, safflower, soybean, cottonseed, rapeseed, canola, corn, coconut, and peanut oil. Development of vegetable oil as an alternate fuel would make it possible to provide energy for agriculture from biomass sources located close to the area where it would be used. Although waste wood solid fuels are the most commonly used, other potential solid biomass fuels include a wide range of agricultural and forestry crop residues and processing by-products.

There are many reports of decreasing ozone levels which would lead to increasing levels of ultraviolet (UV-B) radiation that can damage plants. However, little information exists on the impacts of increasing UV-B radiation on natural ecosystems or managed cropping systems. UV-B studies are needed on what UV-B levels are found in U.S. agricultural areas and whether or not these levels are changing. In addition, focused research is needed on the growth and yield responses of economic crops and trees to changing levels of UV-B radiation. Ongoing programs do not have the capacity to address these critical needs. Proposed funds will be directed to the most promising research proposals.

Nature of Change. Understanding of the biological aspects of methane generation in agriculture and forestry needs to be achieved in order to eventually be capable of manipulating methane production. Improved knowledge of biological methane processes must be achieved to either increase or decrease gas output. These processes can then be related to the economic aspects of production to achieve optimum environmental and economic outputs. These needs apply to non-agricultural wetlands, rice fields, and to livestock.

The use of biomass for liquid and solid fuels provides for a short carbon cycle and lower net carbon contribution to the atmosphere as compared to conventional fuels. In general, biomass fuels result in lower airborne pollutants compared to coals and oil fuels. The challenge is to reduce the costs associated with the production/collection of feedstocks, improve the yields and conversion rates of alcohol processes, and to develop new uses of the by-products. Improved yields of oilseed crops, improved oil extraction processes, the development of improved technologies to modify (e.g. methyl or ethyl ester) the chemical and physical properties of oils, and the development of new uses for the by-products will result in more acceptable fuels at lower costs.

Assessment of UV-B levels is to be achieved by a monitoring network of stations. The resulting data will provide information for UV-B baseline determinations and forecasts of future levels. To save funds and time, UV-B instrumentation and support will be added to selected monitoring stations of the National Atmospheric Deposition Program/National Trends Network (NADP/NTN). Monitoring sites will be identified and selected. An international workshop on UV-B monitoring, held in January 1991, provided guidance on monitoring network size and operational needs. For economic crops and trees, Special Research Grants will be awarded to determine whole-plant vegetative and reproductive growth responses to different levels of UV-B radiation. The Special Research Grants program, therefore, will foster applied systems research that will complement the basic cellular and subcellular research underway in the National Research Initiative Competitive Grants Program on Plant Responses to the Environment. Special Research Grants on UV-B also foster research responsive to the research priorities for USDA described by the Committee on Earth and Environmental Sciences under the Federal Global Change Program.

This \$5 million global change program will include the following components:

	(\$ in Millions)
UV-B monitoring network.....	\$3.0
Energy-methane.....	1.0
Energy-biomass fuels.....	<u>1.0</u>
TOTAL.....	5.0

- (b) An increase of \$1,000,000 for Integrated Pest Management (IPM) Special Research Grants (\$4,000,000 available in 1991).

Need for Change. Integrated Pest Management (IPM) utilizes available and emerging information on pest species and their interactions with biotic and abiotic factors to reduce and maintain pest populations below those causing reductions in economic yield. The goals of IPM are to increase the efficiency of production and grower profits by reducing costs of production, to sustain agricultural productivity in national and international markets, and to resolve environmental and biological problems associated with past pest control approaches. Ongoing efforts in IPM research are not sufficient to meet the needs of producers for new IPM technology. Proposed funds will allow scientists to pursue additional priority IPM projects as described in the following section.

IPM has focused much attention on the development of a total management scheme incorporating biological, chemical, cultural, and other strategies with the goal of less reliance on chemicals. While successful in many areas, research emphasis on biological control, cultural control, and host resistance (resulting in or enhancing natural pest controls) needs to be significantly increased in the future. In most cases, a pest cannot be successfully managed over time with a single tactic. Some combinations of natural control

tactics with the judicious use of chemicals is usually required. This is the founding principle of integrated pest management. Thus, attention must continue in this area with special emphasis on development and implementation of natural control components and integrating these for multi-pest, multi-crop production systems. Significant strides have been made in the past 15 years, but much more remains to be done if the agricultural, economic, and environmental benefits of IPM are going to be fully realized.

Nature of Change. Priorities for research will continue to be developed by the regional IPM programs with increased linkages to sustainable agriculture programs, extension, soil conservation, and water quality programs. In addition, a forum is being jointly planned with USDA and the Environmental Protection Agency to accelerate the development and implementation of environmentally sound pest management practices and maintain or improve agricultural productivity. The IPM program will continue to support emerging area in the component science of integrated pest management, increase the support for interaction research, emphasize research to interface with extension delivery programs, and conduct multi-pest management research interfaced with sustainable agriculture in large scale multi-commodity evaluations of approaches judged environmentally sound. This funding increase will expand the research activities in the IPM program and therefore significantly increase the progress toward attaining the IPM goals.

- (c) An increase of \$2,000,000 for Water Quality Special Research Grants (\$8,000,000 available in 1991).

Need for Change. Water is one of our nation's most valuable natural resources and its quality is crucial to the Nation's interests. It is essential that this natural resource be conserved and its quality maintained or improved if contaminated, to assure sufficiency of good quality water for future generations. Water quality is vulnerable to the increased use and disposal of potentially toxic chemicals and other substances from industry, agriculture, forestry, and other urban and rural sources. Public concern has increased sharply because of possible health problems associated with trace levels of toxic chemical residues detected in certain public and private wells and surface waters.

Science based data and information from water quality research by CSRS State cooperating institutions is urgently needed to add to our data base for more effective best management practices and other educational materials. These products will be used by agricultural producers, State agencies, Extension, SCS, and EPA to not only improve efficiency of chemical and waste use but also to respond to requirements of State and Federal legislation, while avoiding unacceptable sacrifice in agricultural profitability. This requires a thorough understanding of what happens to pesticides, fertilizers, and wastes after they are used in agriculture under widely different conditions of soils, crops, climate, and types of chemicals.

Nature of Change. Efforts must continue on research initiatives begun in FY 1990 in response to the Presidential Initiative and the USDA Research Plan for Water Quality, so we can more adequately understand processes involved in contamination, and learn how to avoid unacceptable degradation of water resources by use of improved and thoroughly evaluated crop and soil management practices. Two parts of the USDA Plan include: Selected Geographic Areas, an integrated systems approach in high priority areas, begun in FY 1990 as the Midwest Initiative; and the national-scope Priority Components of Information grants program, designated as the National Components

Initiative, which addresses selected fundamental and applied water quality research categories representing widely different soils, climate, and crop producing areas.

GEOGRAPHIC AREAS. One of the most important steps for determining the effectiveness and efficiency of farming practices for reducing causes of chemical contamination of water and soil is to evaluate crop management systems on a field scale. For sound recommendations on use of agricultural chemicals, production practices and systems must be shown to be usable by farmers and profitable for a range of soils, crops, climate, and potential contaminants. Evaluating processes of water contamination requires several years of rigorous research and costly sampling and analytical procedures. Control of land areas through leases is necessary for extended periods of time—adequate to effect significant movement of chemicals through the soil, or to show meaningful reduction in concentrations.

Midwest Initiative (\$2.5 million). The request for FY 1992 includes a \$2.5 million program for CSRS to continue support of long-term targeted research begun in FY 1990 in very heavy pesticide and nitrogen-use areas of the corn belt. This is a decrease of \$500,000 from FY 1991, which had been a part of the long-term plan as a reflection of reduced costs of operating a program having high start-up expenses. Scientists of the State Agricultural Experiment Stations in Iowa, Minnesota, Missouri, Nebraska, and Ohio, collaborating with scientists in Kansas, Michigan, North Dakota, South Dakota, and Wisconsin, are using an integrated research approach to test and compare agricultural production systems. Their field research is evaluating the environmental effectiveness and economic feasibility of different combinations of farming practices, that utilize potentially hazardous chemicals, to provide sound justification for changes in production practices.

This research in support of the USDA Research Plan for Water Quality, is cooperative with ARS, ES, ERS, SCS, USGS, EPA, and other State and Federal agencies. Known information about practices will be used for immediate technology transfer through education and technical assistance programs, and for development of management guidelines in other areas of similar characteristics. Decisions on guidelines for research, and coordination among the five Management Systems Evaluation Areas (MSEA) established in 1990, are being accomplished by a common MSEA Management Team and advisory committees.

NATIONAL COMPONENTS INITIATIVE (\$7.5 million). This increase of \$2.5 million, resulting in a total \$7.5 million grants program, will produce information at a significantly faster rate from research on selected categories of problems affecting water quality, determined on a regional basis, and representing different soil, water, and chemical conditions across the country. The proposed \$7.5 million will build on current programs and strengthen CSRS participation in collaborative interagency research on site specific, regional, and national problems of high priority.

Awards of research grants will be based on competition to determine: Reactions of potentially hazardous agricultural chemicals with soils, water, and other chemicals; processes of retention and degradation; movement of contaminants to groundwater through uniform or cracked soils and substrata, layered and graded materials, and other conditions; improved methods of sampling and analysis of non-uniform materials; uptake by plants that could result in both the removal of contaminants from the root zone, and their cycling into products potentially harmful to humans and animals; development of prevention and remedial technologies and systems of management that will effectively reduce use or impacts of potentially hazardous chemicals;

and evaluation of economic and sociological implications of adoption or non-adoption of improved systems of management. These efforts are essential to the success of the USDA Research Plan for Water Quality.

Proposals will be solicited and grants competitively awarded to increase applied research on application of management options, similar to those under study in the MSEA begun in FY 1990, and in areas of high concentrations of pesticides and/or nitrogen fertilizers on high value crops, or on specific soil conditions. These will reflect collaboration of State and USDA/ARS scientists focused on clearly identified problems outside the Midwest Initiative areas begun in 1990. The goal will be to test management practices at locations where adoption of proven practices will have a major impact on avoiding contamination of water. The intent is for one such area at this funding level.

The CSRS FY 1990 National Water Quality Special Research Grants program solicitation resulted in 266 proposals and 46 awards, or an award rate of 17 percent. An additional 25 awards could have been made with assurance of continued high quality proposals. Many scientists did not submit proposals because of the low award success rate the previous year and the limits of funding. A high interest among scientists is necessary to make rapid and significant progress on water quality problems, and this will be enhanced if the success rate for proposals is increased.

- (d) A decrease of \$21,000 for Minor Use Animal Drugs Special Research Grants (\$450,000 available in 1991).

Need for Change. Grants are awarded in support of the National program to obtain FDA clearance of animal drugs and biologics for minor uses and minor species. The animal drug program utilizes the existing resources available through the Hatch project IR-4 and the Regional Leader Laboratories that currently support the pesticide program. To date, the program has received 195 requests for clearances. Currently, research is being conducted on 18 projects in conjunction with many universities, the U. S. Department of Interior (Fish and Wildlife Service), the Agricultural Research Service, and 14 pharmaceutical companies. Fifteen public master files have been published in the Federal Register related to specific minor use, with five more pending FDA approval. A small adjustment is proposed to provide funding for the program at the level provided in 1990.

Nature of Change. New drug clearances provide producers with needed drugs with proper clearance for safe use. The IR-4 program will continue to offer a coordinated mechanism to keep pace with the urgent demand for approval of effective animal drugs. This is necessary to protect both animals and the consumer. This change will reduce funding support for this grant program. Due to the discretionary nature of the Hatch Act formula and related base funded programs, amounts allotted to State institutions permit the institutions to fund research in those areas that they identify as high priority. This flexibility could provide additional support for this program if the State institutions wish to continue the research.

- (e) A decrease of \$2,275,000 for the Sustainable Agriculture Program (\$6,725,000 available in 1991).

Need for Change. This program, first funded in FY 1988, is a partnership of federal agencies, universities, farmers, foundations, and industry. Contributions by project participants have more than equally matched the appropriations for the sustainable agriculture program each year. Although the program is relatively new, it has already developed reliable information on the feasibility of rotations, biological pest controls, use of green manures, and other

farming practices that hold promise of significantly reducing the use of potentially harmful chemical pesticides and fertilizers. The Department of Agriculture, recognizing the need for the development and dissemination of information about these innovative farming systems, will continue its leadership role and serve to encourage our partner organizations in the public and private sectors to continue and accelerate efforts to find productive and profitable alternatives to high-chemical farming methods.

Nature of Change. The Department recognizes the importance of this program, however, in view of other budget priorities, recommends a decrease in funding for this program. Sustainable agriculture research is conducted by the Agriculture Research Service and can also be supported with increases proposed for the Hatch Act program.

- (f) A decrease of \$250,000 for the Supplemental and Alternative Crops Program (\$1,168,000 available in 1991).

Need for Change. Appropriations for supplemental and alternative crops are used to commercialize agriculturally produced strategic and critical raw materials for development of non-food industrial products and markets. Cooperative projects and programs with private industry, public institutions, and academia are planned and implemented to progressively remove agricultural and industrial barriers which impede the emergence of an agro-industrial system, an economically and technologically rational system from seed production to final product marketing. Generally, the United States is import dependent on these agricultural materials or the materials' manufactured products.

The goal of the crambe/industrial rapeseed program is to commercialize high erucic acid oils from farm to factory. Vegetable oils, high in erucic acid, have special attributes that make unusual raw materials for manufacturing industrial products such as lubricants, surfactants, nylons and coatings. The comprehensive crambe/rapeseed program is four years old and just beginning to impact the production-processing-marketing-consumption system. Oils, acids and other derivatives from crambe and industrial rapeseed will help strengthen the U.S. manufacturing base, diversify agriculture and substitute for foreign imported chemical feedstocks. The Department's highest priority for the crambe/rapeseed program is to maintain a core commercialization program to organize a directed multi-State effort which may bring new crops and crop products to agriculture and industry.

Nature of Change. Research and development will proceed in the Northern and Central Plains and the Pacific Northwest states for commercialization of industrial rapeseed and crambe as oil seed sources for high erucic acid at a \$250,000 funding level, which is a reduction of \$250,000 from the 1991 level. The Department recognizes the importance of this program, however, in view of other budget priorities, recommends a decrease in funding for this program.

- (g) A decrease of \$35,279,000 for Special Research Grants, \$800,000 for Critical Agricultural Materials Act, \$475,000 for Rangeland Research Grants, \$3,750,000 for Aquaculture Centers, and \$3,152,000 for International Trade Development Centers.

Need for Change. These grants programs have concentrated on problems of national and local interest beyond the normal emphasis in the formula programs. The Hatch Act formula and related base funded programs constitute the core of the State-Federal research partnership and, when put together with State funding, provide the basic laboratory facilities, scientists, graduate students, and support necessary for the long term stability of agricultural research. Thus,

these base programs become the highest priority of the State-Federal research partnership. Selected high priority National interest special research grant programs will be continued.

Nature of Change. This change will eliminate this specific funding support for selected grant programs. Due to the discretionary nature of the Hatch Act formula and related base funded programs, amounts allotted to State institutions permit the institutions to fund research in those areas that they identify as high priority. This flexibility could provide for maintaining some of the programs if the State institutions wish to continue the research.

- (5) An increase of \$52,000,000 for the National Research Initiative Competitive Grants Program (\$73,000,000 available in 1991).

Need for Change. Agriculture in the 1990's must provide better stewardship of the environment, more rational use of natural resources, improve the quality and nutrition of food and economically stabilize production systems in order to continue to benefit producers as well as consumers. This Initiative responds to the major issues facing agriculture such as food safety, water quality, global climate change, pest management, scientific human capital development and farm income and market competitiveness. It allows U.S. agriculture to broaden the science and technology base to more effectively meet these demanding needs and exploit new opportunities. These imperatives coincide with recent advances in biology and with other new tools in science that present unique research opportunities to improve agriculture.

A 1989 report from the Board on Agriculture of the National Academy of Sciences' National Research Council (Investing in Research: A Proposal to Strengthen the Agricultural, Food and Environmental Systems) recommends the establishment of the National Research Initiative with new funding of \$500 million per year. The Initiative has evolved as a broad national consensus of USDA research agencies, Federal and state scientists, conservationists, environmentalists, consumers, producers and processors of food and fiber along with related industries.

Federal funding for the Initiative is necessary because: (1) the issues and opportunities are national in scope; the nation as a whole is the beneficiary of this effort, not just individual states or industries, (2) the Initiative undertakes research that does not, in general, produce specific patentable or marketable products, but knowledge that will be broadly applicable, (3) the need is urgent; the issues described below require action now and cannot be delayed or taken up piecemeal, (4) the health and vigor of a major segment of U.S. industry is at stake in terms of international competitiveness, and (5) there are benefits, although difficult to measure in economic terms, related to protection of the environment and public health.

The demands upon agricultural science for new knowledge have far outstripped the capacity for the USDA budget to provide needed leadership to a national agenda. New funding will allow us to take advantage of critical opportunities and speed up applications of biotechnology to agricultural uses; develop new crops for greater diversity and crops with improved nutrient composition, improve safety and post harvest quality; increase the number of projects using science to improve and/or protect the environment and preserve natural resources; and to reduce U.S. agricultural production cost and increase product value, which are seen as necessary first steps for increasing farm profitability and America's long term international competitiveness in agriculture.

The Federal laboratories and State Agricultural Experiment Stations (SAES) have provided the foundation for the development of technology for vastly improving agricultural production. Much of this is done through direct and formula funding which ensures a long-term stable base of support for

certain kinds of research known to be important to agriculture. Formula funding also has the unique advantage of several fold leveraging of state support through matching funds. Both intramural programs and national focused State Agricultural Experiment Station programs are important to maintain national thrusts in agricultural research in established laboratories. The overall missions of these intramural programs can be defined and adjusted on a regular basis. Extramural programs, such as the Federal-state partnership of the State Agricultural Experiment Stations and other cooperating institutions provide attention to national, regional and area agricultural problems. Both programs are vitally important to the successful development of agricultural technology.

The National Research Initiative is designed to conduct basic and mission-linked research to address agricultural issues. The knowledge developed in concert with base programs will then be packaged so that it is understandable by the American user public including applied and developmental research laboratories. Extension has a vital role in this program as co-participants in research proposals focusing on adaptive research and on technology transfer of knowledge.

A major infusion of new funding is needed to allow the strengths of each research funding mechanism to do best what each is designed to accomplish. It is not simply a choice of one mechanism over another, but an intended synergy of mechanisms. Each mechanism supports the others through a balanced addressing of the entire spectrum of agricultural research needs.

It is well accepted that fundamental investigations to support a national research agenda can be effectively achieved through a competitive research grants program. This Initiative strengthens the USDA intramural program, since USDA scientists are eligible to compete for the grants. It also strengthens the extramural program by extending support to other outstanding scientists outside the realm of traditional agricultural institutions to address national agriculture and natural resource problems

Nature of Change. Approximately 70 percent of the effort proposed in the Initiative supports fundamental research directed at the most urgent problems. It is from this form of science that major conceptual breakthroughs are expected to emerge. These breakthroughs are critical to the eventual solution of complex problems faced by farmers, ranchers, processors, and consumers. Fundamental research projects are both individual investigator grants (40 percent) and multidisciplinary team research grants (30 percent). Other forms of grants are directed at mission-linked studies (20 percent), as well as institutional strengthening grants (10 percent).

Individual Investigator Grants support individual scientists or investigators working within the same, or closely related, disciplines. Individual investigator grants are the foundation of the highly successful competitive grants program in the United States, and represent the most direct way to attract and retain talented scientists and their students.

Fundamental Multidisciplinary Team Grants support collaborating scientists from two or more disciplines, focusing on basic science or engineering questions. It is often at the juncture of disciplines that new discoveries and research strategies appear.

Mission-linked Research Grants bring early laboratory and field results to practical applications, and facilitate critical linkages with site specific research and extension activities that are already underway.

Institutional Strengthening Grants build for the future the competitiveness of smaller, less developed institutions, and provide educational support

for training future generations of agricultural, environmental and food scientists. The grants are not intended to be used for building or major capital expenditures.

Funds are awarded on a competitive, peer reviewed basis. This form of funding mechanism is uniquely suited to stimulating new research activity in specific, high-priority areas of science and engineering. All public and private universities, research organizations, Federal agencies, private organizations or corporations, and individuals are eligible to compete for these funds. The Initiative allows the average amount of USDA competitive research grants to be increased and the average duration to be extended. This makes USDA competitive research grants more comparable in size and length to grants awarded by the National Science Foundation.

There are six research components proposed in the Initiative to be funded in fiscal year 1992:

Natural Resources and the Environment - +\$9 million (\$23 million in 1992). Research activities are directed into areas that will enhance understanding of agriculture and natural resources management systems and protection of the environment. The contributions of management systems to the degradation of the environment and, conversely, the effects of global climate change on natural resources and agriculture will be more thoroughly researched. Research will include the effects of agriculture on water quality and ways to enhance our water quality and efficient use of water. Sustaining agriculture as an environmentally and economically sound enterprise requires better understanding of the management of the natural resource base upon which agriculture is dependent.

Nutrition, Food Quality and Health - +\$9 million (\$13 million in 1992). The Initiative allows investigation of the relationships of human health to diet and nutrition, and to food quality and safety. Growing consumer expectations for certain types and wholesomeness of food have placed new demands on food production and processing technology.

Plant Systems - +\$18 million (\$53 million in 1992). A redoubling of effort is needed to explain the basic biological processes of crop and forest species, to search for new production systems that are low-input and sustainable and to find alternatives for present practices which degrade the environment or are not profitable. The present "reservoir of scientific knowledge" supporting the plant sciences is inadequate for future needs. This knowledge base must be replenished to allow for more environmentally harmonious, economically viable forest and crop production systems. A fundamental understanding of the biology of crop and forest species is prerequisite to sustaining natural resource productivity, understanding the impact of global change, devising practices that insure the compatibility of natural resources and the environment, and developing sound pest control strategies.

An integral part of this research area is the plant genome mapping program that will decipher the set of genetic instructions that guide the development of important food and forest plant species. The Agricultural Research Service is the lead agency for the plant genome mapping program. In 1992 \$18 million will be allotted to identify, locate, and characterize genes and gene traits that have the potential to make agricultural commodities more compatible with the environment and competitive in the marketplace, improve human nutrition, and facilitate the development of new uses for agricultural commodities. Funds will be committed for the construction of maps of crop and forest species to the point where the maps are useful for plant improvement, for the identification and isolation of economically important plant genes and gene traits, and for the development of new technology which can be applied to genome mapping. Many of the major acreage crop species such as corn, soybean, wheat, rice, etc. come under consideration for mapping.

Animal Systems - +\$10 million (\$30 million in 1992). Animal agriculture includes livestock, poultry and the rapidly emerging industries of aquaculture and non-traditional species. There is a need to find ways to improve the nutritional value and safety of animal products. There also is a need to increase the profitability of animal systems through increased value-added products and decreased costs of production. Moreover, the consequences of animal agriculture on the environment must be reduced through new technology. Proposed research will apply advanced research tools including genome mapping and genetic engineering to understand the mechanisms which control fat deposition, animal disease, and reproduction and use that knowledge to solve production and consumer issues.

Processes Antecedent to Adding Value or Developing New Products - +\$4 million (\$4 million in 1992). This component focuses upon the antecedent research that will permit industrial development of value-added or new products. The application of engineering for the development of new agricultural products and markets has broad appeal. Presently, only a third of U.S. agricultural exports are high value-added products. Processes for added value through manufacturing or bioprocessing represent an enormous opportunity for increasing the U.S. trade advantage. Other applications of engineering can work toward better protection of the environment and greater safety for farm workers and for agricultural product consumers.

Markets, Trade and Policy - +\$2 million (\$2 million in 1992). U.S. agricultural markets and international trade must be expanded in ways to enhance economic growth and relieve the Federal Government from fiscally burdensome commodity programs. This must be done through a well-coordinated mixture of policies based on sound scientific principles that will bolster U.S. marketing and trade.

To the extent that funds are awarded competitively and not earmarked for specific sites or institutions, it is proposed that funding for this Initiative be increased by \$50.0 million annually through the outyears.

The research agenda for the Initiative is both extensive and intensive. The needs for the research are enormous and the opportunities are at hand. The Initiative is a bold step forward to provide the scientific basis to assure agricultural productivity for future generations in ways that are compatible with the environment, safe for the consumer and viable for the producer.

- (6) A decrease of \$5,551,000 for Animal Health and Disease Research, Section 1433, P.L. 95-113 (\$5,551,000 available in 1991).

Need for Change. The Animal Health and Disease Research program has provided funds on a formula basis for livestock and poultry disease research at accredited colleges of veterinary medicine and State Agricultural Experiment Stations. For the purpose intended, this is not the most desirable mechanism for program delivery and the types of research formerly conducted under this program may be continued under the expanded Animal Systems component of the National Research Initiative. The National Research Initiative will better target funds to projects of highest scientific merit and most closely tied to national priorities.

Nature of Change. This change will eliminate formula funding for this program. Animal health and disease research is being conducted in other ongoing Federal and State research programs. The CSRS animal health research previously conducted under this formula program may be continued under the Animal Systems component of the National Research Initiative. A consolidated animal health program will provide a focus for innovative approaches to solving fundamental problems in animal health and disease in food and fiber animals.

- (7) A net decrease of \$4,941,000 for Federal Administration (direct appropriation) (\$17,933,000 available in 1991) consisting of:

- (a) A decrease of \$3,365,000 for the Gulf Coast shrimp aquaculture project. Prior funding has supported the initial development of this project. Emphasis is placed on high priority national interest programs in the 1992 CSRS budget.
- (b) A decrease of \$642,000 for curriculum development and strengthening at Mississippi Valley State University. Prior funding has supported the initial development of this project. Emphasis is placed on high priority national interest programs in the 1992 CSRS budget.
- (c) A decrease of \$741,000 for the Center for Agricultural and Rural Development in Iowa. Prior funding has supported the initial development of this project. Emphasis is placed on high priority national interest programs in the 1992 CSRS budget.
- (d) A decrease of \$747,000 for the geographic information system pilot program. Prior funding has supported the initial development of this project. Emphasis is placed on high priority national interest programs in the 1992 CSRS budget.
- (e) A decrease of \$1,600,000 for water quality research in Illinois, Iowa and North Dakota. Prior funding has supported the initial development of these projects. Funding is requested for water quality under the Special Research Grants program, as part of the Federal government's water quality initiative, and these States may compete for these funds.
- (f) A decrease of \$500,000 for the vocational aquaculture education curriculum program. Prior funding has supported the initial development of this project. Emphasis is placed on high priority national interest programs in the 1992 CSRS budget.
- (g) A decrease of \$100,000 the Maize Genetics Research Center at the University of North Dakota. Prior funding has supported the initial development of this project. Emphasis is placed on high priority national interest programs in the 1992 CSRS budget.
- (h) A decrease of \$375,000 for the herd management program at Tennessee State University. Prior funding has supported the initial development of this project. Emphasis is placed on high priority national interest programs in the 1992 CSRS budget.
- (i) A decrease of \$250,000 for the Alternative Fuels Characterization Lab at the University of North Dakota. Prior funding has supported the initial development of this project. Emphasis is placed on high priority national interest programs in the 1992 CSRS budget.
- (j) A decrease of \$234,000 for the Office of Grants and Program Systems (OGPS). The requested funding level is consistent with related program funding requests.
- (k) An increase of \$25,000 for the Office of Agricultural Biotechnology (OAB). The U. S. Department of Agriculture recognizes that the science of biotechnology holds great promise for improving the quality and availability of our food and fiber supplies, maintaining our position in the international marketplace, and enhancing our natural resources. In order to assure program coordination and operational efficiency, the Office of Agricultural Biotechnology was established. The OAB has primary responsibility for coordinating the Department's policies and procedures pertaining to all facets of agricultural biotechnology. As biotechnology-related programs continue to grow within USDA and other Federal agencies, interagency coordination will become more crucial. It is important for USDA to assure that Federal, academic, and industrial biotechnology activities are subject to the

same or closely comparable standards of research and product safety review. The current functions of the OAB are to coordinate biotechnology activities within USDA, to develop biotechnology review procedures where they are needed, to assist in the development of USDA biotechnology research guidelines and review procedures to help assure the biosafety of agricultural biotechnology research, to provide staff support for biotechnology committees, and to develop selected information registries of biotechnology activities. The 1992 Request includes \$400,000 for the operating costs of the OAB in addition to set-aside funds directed to this activity.

The activities of the OAB will help USDA to provide mechanisms by which the scientific community can provide adequate guidance to individual investigators in evaluating the safety of planned introductions of bioengineered organisms into agricultural ecosystems. In 1992 the OAB will finalize and implement the USDA biotechnology research guidelines. Implementation of the guidelines will require a number of activities to introduce the guidelines to the research community and assure their proper interpretation and use.

- (l) An increase of \$38,000 for the Agriculture in the Classroom program. In order to educate, inform, and bring about a better appreciation and understanding of American agriculture among the nation's young people, USDA established the "Ag in the Classroom" program. Administrative responsibility for the "Ag in the Classroom" program has been assigned to the Assistant Secretary for Science and Education. The 1992 request includes \$208,000 for the operating costs of this program.
- (m) An increase of \$250,000 for peer panel costs. Cooperative State Research Service uses the peer panel review process to evaluate proposals submitted under the National Research Initiative, the Special Research Grants program, the Higher Education programs and the Small Business Innovation Research program. This request provides for the cost of travel and honoraria for the peer panel members. Additional peer panel costs are met through set-asides from program funds.
- (n) A total increase of \$550,000 for pay costs which consists of \$155,000 for the annualization of the FY 1991 pay raise and \$395,000 for the FY 1992 pay raise.
- (o) An increase of \$2,750,000 for the 1890 Institutions Capacity Building Grants program (\$8,250,000 available in 1991).

Need for Change. By the year 2000, 85 percent of new entrants to the Nation's workforce will be members of minority groups and women. Historically, minorities have shown little interest in food and agricultural sciences higher education. Between 1980-1984, total college and university enrollment of black students declined at the undergraduate level by four percent and at the graduate level by 12 percent. And, by 1987 black students were awarded only 2.6 percent of all baccalaureate degrees in science and engineering and only 5 percent of all non-science degrees. These trends must be reversed if we are to secure the future of America's food and agricultural system. Whereas there is an urgent need to train more minority scientists and professionals, the 1890 land-grant institutions and Tuskegee University are major producers of this sorely needed human capital. Previous infusions of Federal money have funded construction of modern research labs at the 1890 Institutions and Tuskegee University. This 1890 Institution Capacity Building Grants Program will enable these important universities to undertake broader collaborative efforts with other universities and private sector entities to launch special student recruitment programs, enhance curricula offerings, update and expand faculty expertise, implement innovative instructional delivery

systems, and address high priority research initiatives. By strengthening the infrastructure of these institutions, the Department can play a vital role in augmenting the development of minority expertise for food and agricultural sciences and businesses.

Nature of Change. The 1890 Institutions Capacity Building Grants Program serves as the crux of the Department's high priority initiative to advance the teaching and research capacity of the 1890 institutions and Tuskegee University. It differs from the earlier 1890 Strengthening Grants Program in that it is competitive and requires dollar-for-dollar matching funds from non-Federal sources. It also requires cooperation with one or more USDA agencies in developing a proposal and in implementing and carrying out the capacity building project, thereby strengthening partnership ventures and linkages with these important minority institutions. Projects concerning research activities must address a high-priority research initiative in an area where there is a shortage of capabilities and/or in which it is feasible for the applicant to develop a program recognized for its excellence. Projects concerning teaching programs must focus on a targeted need where it can be demonstrated that there is a national need for future graduates, there is not an excess of academic programs available in the area and particularly in the geographic area served by the school, and/or the outcome of the project will strengthen the applicant institution and holds potential for strengthening other colleges and universities.

(8) A net decrease of \$2,000,000 for higher education (\$10,350,000 available in 1991) consisting of:

(a) An increase of \$500,000 for Higher Education - Pre-doctoral Graduate Fellowships Grants (\$3,500,000 available in 1991).

Need for Change. The training of food and agricultural scientists is being impeded by a variety of factors. Consequently, the U. S. is producing only 1,000 doctoral degrees annually in agriculture and natural resources and more than a third of these are earned by foreign students who return to their native country subsequent to graduation. Only about 14 U. S. citizen Ph.D's per state per year are being produced. The bottom line is that U. S. higher education programs in the food and agricultural sciences lack the opportunities and competitive posture available to other disciplines such as engineering, health sciences, and computer sciences for recruiting and training academically outstanding students.

The USDA National Needs Graduate Fellowships Grants Program, initiated in 1984, has achieved a notable record and is proving to be an important part of the solution to the serious erosion of our food and agricultural scientific expertise. The 486 fellows supported by the program to date are characterized by superior intellectual and scholarly competence. The average Graduate Record Examination score for doctoral fellows is 1,300 and 1,050 for master's fellows. The topics chosen by fellows include studies in molecular biology, plant biotechnology, animal disease, water management, nutritional sciences, international marketing, and systems management. The quality of scientific expertise emanating from this program promises to be outstanding and strongly attests to the value of a cooperative partnership between the higher education system, the USDA, and the Congress.

Nature of Change. Total funds requested will support the recruitment and three years of training for approximately 72 academically outstanding doctoral students (U. S. citizens) in targeted specializations characterized by shortages of expertise. Program regulations will encourage awarding a portion of the

fellowships to minority graduate students. No other program specifically targets support for training doctoral students in the food and agricultural sciences.

- (b) A decrease of \$2,000,000 for Higher Education - 1890 Strengthening Grants (\$2,000,000 available in 1991).

Need for Change. The need for qualified minority scientists and professionals to serve the Nation's food and agricultural system is so great that a more comprehensive program is proposed. The 1890 Institutions Capacity Building Grants program incorporates and expands on the opportunities previously available under the 1890 Strengthening Grants Program.

Nature of Change. In 1992 no funding is proposed for the 1890 Strengthening Grants Program. The 1890 Institutions Capacity Building Grants Program subsumes and greatly broadens the impact of the original 1890 Strengthening Grants Program. This program is competitive, requires non-Federal matching funds, and opens up a broader arena of initiatives aimed at improving the quality of food and agricultural sciences teaching and research programs at the 1890 Institutions and Tuskegee University.

- (c) A decrease of \$500,000 for the Farmer Career Change Program in North Dakota (\$500,000 available in 1991). Prior funding has supported the initial development of this project. Emphasis is placed on high priority national interest programs in the 1992 CSRS budget.

Cooperative State Research Service
Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

<u>Item of Change</u>	1992		
	<u>Current Law</u>	<u>Program Changes</u>	<u>President's Request</u>
Payments under the Hatch Act ...	\$168,298,000	- -	\$168,298,000
Cooperative forestry research ..	12,975,000	- -	12,975,000
Payments to 1890 colleges and Tuskegee University	27,321,000	- -	27,321,000
Special research grants	32,065,000	- -	32,065,000
National research initiative competitive grants	125,000,000	- -	125,000,000
Animal health and disease research, Section 1433	- -	- -	- -
Federal administration (direct appropriation)	12,992,000	- -	12,992,000
Higher education	<u>8,350,000</u>	<u>- \$2,850,000</u>	<u>5,500,000</u>
Total available	387,001,000 =====	-2,850,000 =====	384,151,000 =====

Explanation of Proposed Legislation

The Federal government has supported higher education in the food and agricultural sciences at land-grant institutions through a permanent appropriation in the Second Morrill Act of 1890. The funding level has remained at the \$50,000 level for each State and territory since 1912. The amount of funds per institution is so small by current day standards that the program has little impact on the quality of the higher education system.

In 1992 no funding is proposed for the Morrill Nelson permanent appropriation. Rather, funding for higher education is supported through three other programs. The Graduate Fellowship Grants program is proposed at a \$4 million funding level to support the recruitment and three years of training for doctoral students in targeted specializations characterized by shortages of expertise. Funding of \$1.5 million is proposed for the Challenge Grants Program to stimulate institutions to strengthen the quality of teaching programs in the food and agricultural sciences. The Capacity Building Grants Program for the 1890 institutions is proposed at \$11 million to strengthen teaching and research programs at these universities.

SMALL BUSINESS INNOVATION RESEARCH PROGRAM

The Small Business Innovation Development Act (SBIR), Public Law 97-219, July 22, 1982, as amended by Public Law 99-443, October 6, 1986, was designed to strengthen the role of small, innovative firms in Federally funded research and development. It directs that small firms receive at least a fixed minimum percentage of research and development awards made by Federal agencies with sizable research and development budgets. Beginning in fiscal year 1986, and all subsequent fiscal years, 1.25 percent of an agency's extramural research budget is set aside for purposes of the SBIR Act.

<u>Agency</u>	<u>FY 1990 Estimate</u>	<u>FY 1991 Estimate</u>	<u>FY 1992 Estimate</u>
Agricultural Cooperative Service	\$1,000	- -	- -
Agricultural Research Service	175,000	\$229,000	\$229,000
Cooperative State Research Service	3,830,788	4,536,608	4,484,286
Economic Research Service	6,925	16,100	16,100
Forest Service	59,840	60,625	61,250
Human Nutrition Information Service	30,000	37,175	42,375
National Agricultural Statistics Service ...	2,538	3,912	3,912
Office of International Cooperation and Development	- -	3,625	3,625
Total	4,106,091	4,887,045	4,840,548

The functions of the SBIR program, the solicitation, review and evaluation of proposals have been centralized in order to most effectively and efficiently serve the SBIR community. Eight research topic areas have been established:

1. Forests and Related Resources. Research proposals are solicited to develop environmentally sound techniques to increase productivity of forest land and to increase the utilization of materials and resources from forest lands.
2. Plant Production and Protection. Research proposals are solicited to examine means of enhancing crop production by reducing the impact of destructive agents, developing effective crop systems that are economically and environmentally sound, enhancing the impact of new methods of plant manipulation, and developing new crop plants and new uses for existing crops.
3. Animal Production and Protection. Research proposals are solicited to find ways to enable producers of food animals to increase production efficiency and to assure a reliable and safe supply of animal protein and other animal products while conserving resources and reducing production costs.
4. Air, Water and Soils. Research proposals are solicited to develop technologies for conserving soil, water and air resources while sustaining optimum agricultural productivity.
5. Food Science and Nutrition. Research proposals are solicited to develop new knowledge and a better understanding of the characteristics of foods and their nutritional impact; to apply new knowledge to improve our foods and diets; and to apply new knowledge to the production of useful new food products, processes, materials, and systems, including application of nutritional information to consumer foods and food service systems.
6. Rural and Community Development. Research proposals are solicited to promote, foster, or improve the well-being of rural Americans.
7. Aquaculture. Research proposals are solicited to enhance the knowledge and technology base necessary for the continued growth of the domestic

aquaculture industry as a form of production agriculture. Emphasis is placed on research leading to improved production efficiency and increased competitiveness of private sector aquaculture in the United States.

8. Industrial Applications. Research proposals are solicited to develop new or improved technologies that will lead to increased production of industrial products from agricultural materials.

	\$2,633,183	\$719,464	\$3,352,647	\$560,009	\$2,809,950	\$109,488	\$382,841	\$534,000	\$297,380	\$795,575	\$0	\$8,841,890
ALABAMA												
ALASKA	710,245	122,753	832,998	345,880	0	8,295	5,000	100,000	49,299	0	0	1,341,472
AMERICAN SANDA	591,918	0	591,918	0	0	0	0	0	49,298	0	0	641,216
ARIZONA	979,843	649,060	1,628,903	238,816	0	56,749	289,148	530,000	49,299	0	0	2,792,915
ARKANSAS	2,260,000	630,542	2,890,542	474,358	1,233,643	79,001	2,312,954	0	150,508	347,086	646,990	8,135,082
CALIFORNIA	2,933,324	1,352,238	4,285,562	517,184	0	369,102	2,752,296	5,342,642	279,715	0	124,160	13,670,661
COLORADO	1,321,911	930,385	2,252,296	281,642	0	231,511	631,292	595,188	190,964	0	0	4,182,893
CONNECTICUT	1,112,826	424,621	1,537,447	185,284	0	21,660	504,242	447,736	49,299	0	0	2,745,668
DELAWARE	767,770	321,551	1,089,321	88,926	482,835	19,045	255,592	0	196,177	50,000	0	2,181,896
DIST. OF COLUMBIA	388,000	91,702	479,702	0	0	0	32,800	54,684	150,502	473,190	0	1,190,878
FLORIDA	1,851,559	581,834	2,433,393	463,651	995,464	164,471	1,720,009	1,252,493	292,177	677,181	1,484,100	9,482,939
GEORGIA	2,927,946	1,053,654	3,981,600	581,422	1,555,740	140,104	2,228,937	855,000	286,057	360,884	955,450	10,945,194
GUAM	612,542	105,109	717,651	0	0	0	286,029	0	49,299	0	0	1,052,979
HAWAII	765,000	329,133	1,094,133	131,752	0	7,685	2,996,752	185,300	94,974	2,285,150	1,087,370	7,883,116
IDAO	1,238,419	521,629	1,760,048	378,000	0	57,898	704,805	117,000	49,299	0	0	3,067,050
ILLINOIS	3,700,976	864,485	4,565,461	281,642	0	148,720	1,070,662	2,195,000	220,298	473,190	1,266,820	10,221,793
INDIANA	3,376,412	728,586	4,104,998	292,348	0	99,322	2,984,369	1,298,073	212,958	0	0	8,992,088
IOWA	3,528,369	1,354,896	4,883,265	163,871	0	264,017	4,141,891	917,428	49,298	907,107	5,309,780	16,636,657
KANSAS	2,160,637	669,842	2,830,479	153,165	0	174,576	1,155,809	716,185	215,818	0	2,873,140	8,119,172
KENTUCKY	3,428,354	720,476	4,148,830	367,293	1,776,048	88,451	466,476	849,000	150,501	540,538	0	8,387,137
LOUISIANA	2,089,914	595,175	2,685,089	485,064	1,126,042	93,820	468,541	254,300	150,501	497,356	0	5,760,713
MAINE	1,087,327	443,988	1,531,315	495,771	0	16,091	544,115	198,100	49,298	0	110,580	2,945,270
MARYLAND	1,503,907	556,856	2,060,763	228,110	824,806	42,860	1,121,687	714,376	150,501	771,725	0	5,914,828
MASSACHUSETTS	1,315,088	543,564	1,858,652	206,697	0	38,401	900,525	1,093,000	49,298	0	0	4,146,573
MICHIGAN	3,408,747	779,014	4,187,761	506,478	0	96,541	5,651,748	2,747,750	190,973	0	2,873,140	16,254,391
MICRONESIA	304,000	0	304,000	0	0	0	0	0	49,298	0	0	353,298
MINNESOTA	3,323,646	843,253	4,166,899	410,119	0	169,059	1,019,158	755,000	195,298	0	0	6,713,533
MISSISSIPPI	2,733,468	727,547	3,461,015	549,303	1,451,462	74,509	7,457,130	120,000	150,501	1,423,751	3,758,750	18,446,421
MISSOURI	3,210,681	682,995	3,893,676	335,174	1,674,491	160,924	1,420,388	1,071,000	438,501	237,969	0	9,232,118
MONTANA	1,171,731	573,106	1,744,837	356,587	0	71,725	372,636	250,000	49,298	0	239,590	3,084,673
NEBRASKA	1,996,279	775,054	2,771,333	121,045	0	174,799	2,204,107	890,000	286,973	0	2,873,140	9,321,397
NEVADA	702,199	313,789	1,015,988	56,807	0	23,987	80,000	270,000	49,298	0	0	1,496,080
NEW HAMPSHIRE	877,186	318,298	1,195,484	260,229	0	9,876	33,632	432,318	49,298	0	0	1,980,837
NEW JERSEY	1,292,889	1,002,516	2,295,355	174,578	0	25,082	736,130	1,124,188	49,298	0	86,330	4,490,961
NEW MEXICO	1,011,747	345,246	1,356,993	217,403	0	38,220	727,165	0	49,298	0	0	2,389,079
NEW YORK	3,274,252	1,330,822	4,605,074	517,184	0	296,291	1,913,007	3,328,831	145,298	0	0	10,805,685

DISTRIBUTION OF FEDERAL PAYMENTS FOR RESEARCH AND EDUCATION AT STATE AGRICULTURAL EXPERIMENT
STATIONS AND OTHER STATE INSTITUTIONS - FISCAL YEAR 1990

8-42

STATE	HATCH ACT AS AMENDED		COOPERATIVE FORESTRY RESEARCH (MS)	1890 COLLEGES & TUSSKEE UNIV. (EA)	ANIMAL HEALTH & DISEASE RESEARCH	SPECIAL RESEARCH GRANTS	COMPETITIVE RESEARCH GRANTS	HIGHER EDUCATION GRANTS	FEDERAL ADMIN. DIRECT APPROP.	FACILITIES	TOTAL FEDERAL FUNDS
	REGULAR FORMULA	REGIONAL FORMULA	TOTAL								
NORTH CAROLINA	\$4,452,161	\$1,091,705	\$5,483,866	\$527,890	\$115,933	\$591,545	\$1,133,200	\$292,176	\$154,154	\$0	\$10,544,131
NORTH DAKOTA	1,483,848	514,656	1,998,504	78,220	54,237	1,976,810	0	49,298	945,423	6,401,090	11,508,522
NORTHERN MARIANAS	525,393	0	525,393	0	0	0	0	49,298	0	0	574,691
OHIO	4,039,245	828,538	4,867,783	313,761	112,586	1,634,428	735,000	49,298	0	0	7,712,856
OKLAHOMA	2,062,535	517,368	2,579,903	270,935	113,514	1,004,799	210,000	246,501	50,000	287,120	5,895,479
OREGON	1,546,183	811,708	2,357,891	592,128	90,077	2,972,201	1,348,656	167,317	0	0	7,528,270
PENNSYLVANIA	4,022,419	1,084,099	5,106,518	399,413	148,086	1,163,069	1,089,546	370,774	0	0	8,277,356
PUERTO RICO	2,957,712	640,647	3,598,359	67,513	12,923	431,761	0	49,298	0	0	4,159,854
RHODE ISLAND	706,697	329,594	1,036,291	99,633	7,341	89,855	25,650	49,298	0	0	1,306,068
SOUTH CAROLINA	2,288,111	594,166	2,882,277	431,532	22,144	454,997	220,000	150,501	168,570	0	5,553,092
SOUTH DAKOTA	1,523,132	519,042	2,042,174	110,339	91,206	101,080	85,000	49,298	0	1,628,630	4,107,727
TENNESSEE	3,298,137	736,644	4,034,781	388,706	66,621	356,454	451,000	246,501	338,900	239,590	7,869,401
TEXAS	4,252,298	1,047,872	5,300,165	442,238	374,292	2,604,528	1,722,000	357,119	177,162	2,873,140	16,063,074
UTAH	888,866	591,517	1,480,383	142,458	44,868	213,128	428,612	131,554	0	0	2,441,003
VERMONT	932,523	290,543	1,223,066	249,523	16,774	1,240,653	128,000	49,298	0	358,900	3,266,214
VIRGIN ISLANDS	598,846	103,070	701,916	46,097	0	168,576	0	49,298	0	0	965,887
VIRGINIA	2,815,326	698,692	3,514,018	452,945	107,930	328,970	228,800	390,501	289,590	568,420	7,352,539
WASHINGTON	1,763,707	1,255,416	3,019,123	570,716	137,234	2,605,000	979,600	49,298	0	2,643,250	10,004,221
WEST VIRGINIA	1,786,073	467,113	2,253,186	324,468	11,919	834,636	111,000	49,298	0	1,436,570	5,021,077
WISCONSIN	3,333,103	872,700	4,205,803	420,825	184,053	915,611	2,175,252	241,298	0	574,240	8,717,082
WYOMING	834,486	457,258	1,291,744	195,990	41,868	5,000	0	49,298	0	0	1,588,900
OTHER	0	204,400	204,400	0	0	284,240	0	0	0	0	524,740
SMALL BUSINESS SET-ASIDE	1,432,391	450,632	1,883,023	209,508	64,884	785,681	510,252	0	74,169	0	3,830,788
SUBTOTAL	114,135,432	36,050,563	150,185,995	16,760,630	5,190,720	70,374,910	40,820,160	8,320,570	12,038,670	40,700,230	368,653,525
UNOBLIGATED BAL.	455,876	0	455,876	0	0	0	0	0	0	3,688,910	4,144,786
SUBTOTAL	114,591,308	36,050,563	150,641,871	16,760,630	5,190,720	70,374,910	40,820,160	8,320,570	12,038,670	44,389,140	372,798,311
FEDERAL ADMIN. UNOBLIGATED BAL.	0	0	0	518,370	216,280	2,752,090	1,700,840	170,430	1,544,330	1,559,770	13,621,199
			7,400	0	0	0	0	0	0	279,090	286,490
SUBTOTAL	0	0	4,416,129	518,370	216,280	2,752,090	1,700,840	170,430	1,544,330	1,838,860	13,907,689
TOTAL	114,591,308	36,050,563	155,058,000	17,279,000	5,407,000	73,127,000	42,521,000	8,491,000	13,583,000	46,228,000	386,706,000

Table 2
Payments to State Agricultural Experiment Stations under the Hatch Act

State	FY 1990 Actual			FY 1991 Estimate			FY 1992 Estimate		
	Regular Formula	Regional Research	Total	Regular Formula	Regional Research	Total	Regular Formula	Regional Research (a)	Total
Alabama	\$2,633,183	\$719,464	\$3,352,647	\$2,734,574	\$757,006	\$3,491,580	\$2,818,728	787,192	3,605,920
Alaska	710,245	122,753	832,998	739,961	127,123	867,084	764,625	132,192	896,817
American Samoa:	591,918	0	591,918	617,832	0	617,832	639,341	0	639,341
Arizona	979,843	649,060	1,628,903	1,022,854	672,164	1,695,018	1,058,554	698,967	1,757,521
Arkansas	2,260,000	630,542	2,890,542	2,354,187	663,445	3,017,632	2,432,362	689,900	3,122,262
California	2,933,324	1,352,238	4,285,562	3,079,205	1,399,039	4,478,244	3,200,285	1,454,827	4,655,112
Colorado	1,321,911	930,385	2,252,296	1,383,489	963,124	2,346,613	1,434,599	1,001,529	2,436,128
Connecticut ..	1,112,826	424,621	1,537,447	1,160,412	445,885	1,606,297	1,199,910	463,665	1,663,575
Delaware	767,770	321,551	1,089,321	801,531	333,540	1,135,071	829,552	346,840	1,176,392
Dist. of Col.	388,000	91,702	479,702	498,402	96,294	594,696	519,209	100,134	619,343
Florida	1,851,559	581,834	2,433,393	1,942,734	610,779	2,553,513	2,018,410	635,134	2,653,544
Georgia	2,927,946	1,053,654	3,981,600	3,055,478	1,070,020	4,125,498	3,161,328	1,112,688	4,274,016
Guam	612,542	105,109	717,651	639,624	108,849	748,473	662,101	113,189	775,290
Hawaii	765,000	329,133	1,094,133	795,526	340,850	1,136,376	820,863	354,442	1,175,305
Idaho	1,238,419	521,629	1,760,048	1,299,424	547,946	1,847,370	1,350,058	569,796	1,919,854
Illinois	3,700,976	864,485	4,565,461	3,887,315	907,226	4,794,541	4,041,976	943,402	4,985,378
Indiana	3,376,412	728,586	4,104,998	3,552,073	764,611	4,316,684	3,697,870	795,100	4,492,970
Iowa	3,528,369	1,354,896	4,883,265	3,718,515	1,418,742	5,137,257	3,876,335	1,475,315	5,351,650
Kansas	2,160,537	669,842	2,830,479	2,266,474	702,961	2,969,435	2,354,317	730,992	3,085,309
Kentucky	3,428,354	720,476	4,148,830	3,588,582	758,071	4,346,653	3,721,570	788,300	4,509,870
Louisiana	2,089,914	595,175	2,685,089	2,174,598	626,233	2,800,831	2,244,885	651,205	2,896,090
Maine	1,087,327	443,988	1,531,315	1,135,018	464,723	1,599,741	1,174,601	483,254	1,657,855
Maryland	1,503,907	556,856	2,060,763	1,569,081	584,740	2,153,821	1,623,176	608,057	2,231,233
Massachusetts.	1,315,088	543,564	1,858,652	1,371,756	570,784	1,942,540	1,418,790	593,544	2,012,334
Michigan	3,408,747	779,014	4,187,761	3,574,865	817,094	4,391,959	3,712,741	849,676	4,562,417
Micronesia	304,000	0	304,000	649,510	0	649,510	673,287	0	673,287
Minnesota	3,323,646	843,253	4,166,899	3,493,413	880,354	4,373,767	3,634,318	915,459	4,549,777
Mississippi ...	2,733,468	727,547	3,461,015	2,826,899	765,512	3,592,411	2,904,446	796,037	3,700,483
Missouri	3,210,681	682,995	3,893,676	3,376,129	716,763	4,092,892	3,513,449	745,344	4,258,793
Montana	1,171,731	573,106	1,744,837	1,227,262	593,506	1,820,768	1,273,353	617,173	1,890,526
Nebraska	1,996,279	775,054	2,771,333	2,097,537	813,375	2,910,912	2,181,580	845,809	3,027,389
Nevada	702,199	313,789	1,015,988	732,675	324,959	1,057,634	757,970	337,917	1,095,887
New Hampshire..	877,186	318,298	1,195,484	917,884	334,238	1,252,122	951,662	347,566	1,299,228
New Jersey	1,292,839	1,002,516	2,295,355	1,348,802	1,120,123	2,468,925	1,395,251	1,164,789	2,560,040
New Mexico	1,011,747	345,246	1,356,993	1,054,491	357,536	1,412,027	1,089,969	371,793	1,461,762
New York	3,274,252	1,330,822	4,605,074	3,422,185	1,398,338	4,820,523	3,544,964	1,454,098	4,999,062
North Carolina:	4,452,161	1,031,705	5,483,866	4,632,480	1,085,542	5,718,022	4,782,142	1,128,829	5,910,971
North Dakota ..	1,483,848	514,656	1,998,504	1,553,199	540,103	2,093,302	1,610,761	561,640	2,172,401
N. Marianas ...	525,393	0	525,393	604,789	0	604,789	626,134	0	626,134
Ohio	4,039,245	828,538	4,867,783	4,241,331	869,503	5,110,834	4,409,061	904,175	5,313,236
Oklahoma	2,062,535	517,368	2,579,903	2,160,446	544,365	2,704,811	2,241,712	566,072	2,807,784
Oregon	1,546,183	811,708	2,357,891	1,622,653	840,604	2,463,257	1,686,123	874,124	2,560,247
Pennsylvania ..	4,022,419	1,084,099	5,106,518	4,210,662	1,138,270	5,348,932	4,366,902	1,183,659	5,550,561
Puerto Rico ...	2,957,712	640,647	3,598,359	3,029,070	674,077	3,703,147	3,088,297	700,956	3,789,253
Rhode Island ..	706,697	329,594	1,036,291	735,894	346,099	1,081,993	760,127	359,900	1,120,027
South Carolina:	2,288,111	594,166	2,882,277	2,374,523	625,171	2,999,694	2,446,244	650,100	3,096,344
South Dakota ..	1,523,132	519,042	2,042,174	1,596,513	544,705	2,141,218	1,657,419	566,426	2,223,845
Tennessee	3,298,137	736,644	4,034,781	3,436,344	775,083	4,211,427	3,551,054	805,990	4,357,044
Texas	4,252,293	1,047,872	5,300,165	4,454,023	1,102,553	5,556,576	4,621,458	1,146,518	5,767,976
Utah	888,866	591,517	1,480,383	926,925	612,575	1,539,500	958,513	637,002	1,595,515
Vermont	932,523	290,543	1,223,066	973,868	303,567	1,277,435	1,008,185	315,672	1,323,857
Virgin Islands:	598,846	103,070	701,916	625,749	108,448	734,197	648,078	112,773	760,851
Virginia	2,815,326	698,692	3,514,018	2,933,013	733,163	3,666,176	3,030,693	762,398	3,793,091
Washington ...	1,763,707	1,255,416	3,019,123	1,849,014	1,411,500	3,260,514	1,919,819	1,467,785	3,387,604
West Virginia..	1,786,073	467,113	2,253,186	1,858,579	487,052	2,345,631	1,918,759	506,474	2,425,233
Wisconsin	3,333,103	872,700	4,205,803	3,502,367	905,704	4,408,071	3,642,854	941,820	4,584,674
Wyoming	834,486	457,258	1,291,744	871,263	473,535	1,344,798	901,787	492,418	1,394,205
Other	0	204,400	204,400	0	208,500	208,500	0	208,500	208,500
SUBTOTAL	112,702,941	35,599,931	148,302,972	118,303,002	37,386,072	155,689,074	122,572,557	38,868,556	161,441,113
Federal Admin.:	0	0	4,408,729	0	0	4,633,179	0	0	4,813,329
Unoblig. Bal.:	455,876	0	463,276	0	0	0	0	0	0
Small Bus. Act:	1,432,391	450,632	1,883,023	1,497,506	473,241	1,970,747	1,551,551	492,007	2,043,558
TOTAL	114,591,208	36,050,563	150,641,771	119,800,508	37,859,313	157,659,821	124,124,108	39,360,563	163,484,671

(a) Final distribution will be determined at a later date by a statutory committee authorized in the Hatch Act.

Table 3
Distribution of Funds under the McIntire-Stennis Cooperative
Forestry Research Act
(In Dollars)

State/Recipient	Fiscal Year 1990 Actual	Fiscal Year 1991 Estimate	Fiscal Year 1992 Estimate
ALABAMA			
Agricultural Experiment Station, Auburn University	\$560,009	\$576,631	\$414,362
ALASKA			
Agricultural Experiment Station, University of Alaska	345,880	333,776	242,905
AMERICAN SAMOA			
American Samoa Community College	0	0	0
ARIZONA			
Agricultural Experiment Station, University of Arizona	119,408	122,732	90,279
School of Forestry, Northern Arizona University	119,408	122,732	90,279
ARKANSAS			
Agricultural Experiment Station, Univ. of Arkansas	474,358	477,281	344,220
CALIFORNIA			
Agricultural Experiment Station, Univ. of California	413,747	425,980	306,550
Department of Forestry, California State Univ., Humboldt	77,578	79,871	57,478
California Polytechnic State University	25,859	26,624	19,159
COLORADO			
College of Forestry and Natural Resources, Colorado State Univ.	281,642	278,582	203,938
CONNECTICUT			
Agricultural Experiment Station, New Haven	138,963	150,982	112,037
Agricultural Experiment Station, Univ. of Connecticut, Storrs .	46,321	50,327	37,346
DELAWARE			
Agricultural Experiment Station, University of Delaware	88,926	90,921	71,448
FLORIDA			
Agricultural Experiment Station, University of Florida	463,651	510,398	367,601
GEORGIA			
School of Forest Resources, University of Georgia	581,422	587,670	422,155
GUAM			
Agricultural Experiment Station, University of Guam	0	0	0
HAWAII			
Agricultural Experiment Station, University of Hawaii	131,752	124,037	94,829
IDAHO			
College of Forestry, University of Idaho	378,000	388,970	281,872
ILLINOIS			
Agricultural Experiment Station, University of Illinois	140,821	150,330	109,762
Department of Forestry, Southern Illinois University	140,821	150,330	109,762
INDIANA			
Agricultural Experiment Station, Purdue University	292,348	311,698	227,318
IOWA			
Agriculture & Home Economics Experiment Sta., Iowa State Univ.	163,871	168,193	126,003
KANSAS			
Agricultural Experiment Station, Kansas State University	153,165	157,154	118,209
KENTUCKY			
Agricultural Experiment Station, University of Kentucky	367,293	377,931	274,079
LOUISIANA			
Agricultural Experiment Station, Louisiana State University ...	339,545	341,824	246,410
School of Forestry, Louisiana Tech University	145,519	146,496	105,604
MAINE			
Agricultural Experiment Station, University of Maine	495,771	521,437	375,394
MARYLAND			
Agricultural Experiment Station, University of Maryland	228,110	223,387	164,970
MASSACHUSETTS			
Agricultural Experiment Station, University of Massachusetts ..	206,697	234,426	172,764
MICHIGAN			
Agricultural Experiment Station, Michigan State University	168,826	166,452	119,936
School of Natural Resources, University of Michigan	168,826	166,452	119,936
Department of Forestry, Michigan Technological University	168,826	166,452	119,935
MICRONESIA			
College of Micronesia	0	0	0

State/Recipient	Fiscal Year 1990 Actual	Fiscal Year 1991 Estimate	Fiscal Year 1992 Estimate
MINNESOTA			
Agricultural Experiment Station, University of Minnesota	\$410,119	\$422,087	\$305,253
MISSISSIPPI			
School of Forest Resources, Mississippi State University	\$49,303	\$65,592	\$406,568
MISSOURI			
Agricultural Experiment Station, University of Missouri	\$35,174	\$44,815	\$250,698
MONTANA			
School of Forestry, University of Montana	\$56,587	\$66,892	\$266,285
NEBRASKA			
Agricultural Experiment Station, University of Nebraska	\$21,045	\$35,076	\$102,622
NEVADA			
Agricultural Experiment Station, University of Nevada	\$6,807	\$7,804	\$48,068
NEW HAMPSHIRE			
Agricultural Experiment Station, University of New Hampshire ..	\$260,229	\$267,543	\$196,144
NEW JERSEY			
Agricultural Experiment Station, Rutgers University	\$174,578	\$190,271	\$141,590
NEW MEXICO			
Agricultural Experiment Station, New Mexico State University ..	\$217,403	\$212,348	\$157,177
NEW YORK			
Agricultural Experiment Station, Cornell University	\$129,296	\$138,638	\$99,694
College of Environmental Science and Forestry, State University of New York	\$387,888	\$415,915	\$299,081
NORTH CAROLINA			
School of Forest Resources, North Carolina State University ...	\$527,890	\$543,514	\$390,981
NORTH DAKOTA			
Agricultural Experiment Station, North Dakota State University	\$78,220	\$68,843	\$55,861
OHIO			
Agricultural Experiment Station, Ohio State University	\$313,761	\$322,737	\$235,111
OKLAHOMA			
Agricultural Experiment Station, Oklahoma State University ...	\$270,935	\$289,620	\$211,731
OREGON			
School of Forestry, Oregon State University	\$82,128	\$69,748	\$437,742
PENNSYLVANIA			
Agricultural Experiment Station, Pennsylvania State University	\$399,413	\$411,048	\$297,459
PUERTO RICO			
Agricultural Experiment Station, University of Puerto Rico	\$7,513	\$79,882	\$63,655
RHODE ISLAND			
Agricultural Experiment Station, University of Rhode Island ...	\$99,633	\$112,998	\$87,035
SOUTH CAROLINA			
College of Forest and Recreation Resources, Clemson University	\$431,532	\$444,165	\$320,840
SOUTH DAKOTA			
Agricultural Experiment Station, South Dakota State University	\$110,339	\$101,960	\$79,242
TENNESSEE			
Agricultural Experiment Station, University of Tennessee	\$388,706	\$400,009	\$289,666
TEXAS			
Agricultural Experiment Station, Texas A&M University	\$221,119	\$227,602	\$164,317
School of Forestry, Stephen F. Austin State University	\$221,119	\$227,602	\$164,317
UTAH			
College of Natural Resources, Utah State University	\$142,458	\$146,115	\$110,416
VERMONT			
School of Natural Resources, University of Vermont	\$249,523	\$256,504	\$188,351
VIRGIN ISLANDS			
Agricultural Experiment Station, Univ. of the Virgin Islands ..	\$46,097	\$46,765	\$40,274
VIRGINIA			
School of Forestry and Wildlife Resources, Virginia Polytechnic Institute and State University	\$452,945	\$466,242	\$336,427
WASHINGTON			
Agricultural Experiment Station, Washington State University ..	\$256,822	\$269,419	\$193,477
College of Forest Resources, University of Washington	\$313,894	\$329,290	\$236,472
WEST VIRGINIA			
Agricultural Experiment Station, West Virginia University	\$324,468	\$355,854	\$258,492
WISCONSIN			
Agricultural Experiment Station, University of Wisconsin	\$420,825	\$433,126	\$313,046
WYOMING			
Agricultural Experiment Station, University of Wyoming	\$195,990	\$179,232	\$133,796
Subtotal	\$16,551,122	\$17,069,332	\$12,428,428
Federal administration (35)	\$18,518,370	\$18,534,600	\$18,389,250
Small Business Act	\$209,508	\$216,068	\$157,322
Total	\$17,779,000	\$17,820,000	\$12,975,000

Table 4

Evans-Allen Payments to 1890 Colleges and Tuskegee University
Under Section 1445, Public Law 95-113, As Amended
(In Dollars)

	Fiscal Year 1990 Actual	Fiscal Year 1991 Estimate	Fiscal Year 1992 Estimate
ALABAMA			
Alabama A&M University	\$1,414,690	\$1,480,502	\$1,528,629
Tuskegee University	1,395,260	1,461,072	1,509,199
ARKANSAS			
University of Arkansas—Pine Bluff..	1,233,643	1,295,700	1,341,082
DELAWARE			
Delaware State College	482,835	503,652	518,875
FLORIDA			
Florida A&M University	995,464	1,053,840	1,096,530
GEORGIA			
Fort Valley State College	1,555,740	1,639,068	1,700,004
KENTUCKY			
Kentucky State University	1,776,048	1,884,300	1,963,463
LOUISIANA			
Southern University	1,126,042	1,180,383	1,220,121
MARYLAND			
University of Maryland—Eastern Shore	824,806	866,476	896,947
MISSISSIPPI			
Alcorn State University	1,451,462	1,512,205	1,556,625
MISSOURI			
Lincoln University	1,674,491	1,787,377	1,869,928
NORTH CAROLINA			
North Carolina A&T State University.	2,245,367	2,364,066	2,450,869
OKLAHOMA			
Langston University	1,132,707	1,197,903	1,245,580
SOUTH CAROLINA			
South Carolina State College.....	1,223,071	1,278,291	1,318,673
TENNESSEE			
Tennessee State University	1,706,848	1,798,839	1,866,111
TEXAS			
Prairie View A&M College	2,212,430	2,347,436	2,446,164
VIRGINIA			
Virginia State College	1,471,365	1,548,265	1,604,503
CRIS	36,100	36,800	36,800
Subtotal	23,958,369	25,236,175	26,170,103
Federal Administration (3%)	750,360	790,380	819,630
Small Business Act	303,271	319,445	331,267
TOTAL	25,012,000	26,346,000	27,321,000

Table 5
Distribution of Funds for Animal Health and Disease Research
Section 1433, P.L. 95-113
(In Dollars)

<u>State/Recipient</u>	<u>Fiscal Year 1990 Actual</u>	<u>Fiscal Year 1991 Est.</u>
ALABAMA		
Agricultural Experiment Station, Auburn University	\$51,773	\$46,300
School of Veterinary Medicine, Auburn University	51,479	63,792
School of Veterinary Medicine, Tuskegee University	6,236	6,984
ALASKA		
Agricultural Experiment Station, University of Alaska	8,295	7,016
ARIZONA		
Agricultural Experiment Station, University of Arizona	56,749	54,999
ARKANSAS		
Agricultural Experiment Station, University of Arkansas	79,001	82,601
CALIFORNIA		
Agricultural Experiment Station, Univ. of California, Berkeley.	224,612	225,390
School of Veterinary Medicine, University of California, Davis.	144,490	161,923
COLORADO		
Agricultural Experiment Station and College of Veterinary Medicine, Colorado State University	231,511	278,855
CONNECTICUT		
Agricultural Experiment Station, Univ. of Connecticut, Storrs .	21,660	20,764
DELAWARE		
Agricultural Experiment Station, University of Delaware	19,045	20,624
FLORIDA		
Agricultural Experiment Station, University of Florida	73,726	65,484
College of Veterinary Medicine, University of Florida	90,745	84,542
GEORGIA		
Agricultural Experiment Station, University of Georgia	22,726	22,931
College of Veterinary Medicine, University of Georgia	117,378	121,347
HAWAII		
Agricultural Experiment Station, University of Hawaii	7,685	7,482
IDAHO		
Agricultural Experiment Station, University of Idaho	41,965	40,639
College of Veterinary Medicine, University of Idaho	15,933	11,911
ILLINOIS		
Agricultural Experiment Station and College of Veterinary Medicine, University of Illinois	148,720	141,925
INDIANA		
Agricultural Experiment Station and School of Veterinary Medicine, Purdue University	99,322	95,101
IOWA		
Agriculture & Home Economics Experiment Sta., Iowa State Univ.	47,222	46,148
College of Veterinary Medicine, Iowa State University	216,795	217,641
KANSAS		
Agricultural Experiment Station and College of Veterinary Medicine, Kansas State University	174,576	177,445
KENTUCKY		
Agricultural Experiment Station, University of Kentucky	88,451	85,894
LOUISIANA		
Agricultural Experiment Station, Louisiana State University ...	61,392	56,093
School of Veterinary Medicine, Louisiana State University	32,428	42,186
MAINE		
Agricultural Experiment Station, University of Maine	16,091	18,235
MARYLAND		
Agricultural Experiment Station, University of Maryland	42,860	39,888
MASSACHUSETTS		
Agricultural Experiment Station, University of Massachusetts ..	11,651	10,188
School of Veterinary Medicine, Tufts University	26,750	26,624
MICHIGAN		
Agricultural Experiment Station and College of Veterinary Medicine, Michigan State University	96,541	93,986
MINNESOTA		
Agricultural Experiment Station, University of Minnesota	84,960	77,844
College of Veterinary Medicine, University of Minnesota	84,099	98,753
MISSISSIPPI		
Agricultural and Forestry Experiment Station and College of Veterinary Medicine, Mississippi State University	74,509	75,494

<u>State/Recipient</u>	<u>Fiscal Year 1990 Actual</u>	<u>Fiscal Year 1991 Est.</u>
MISSOURI		
Agricultural Experiment Station, University of Missouri	\$59,933	\$63,259
College of Veterinary Medicine, University of Missouri	100,991	98,438
MONTANA		
Agricultural Experiment Station, Montana State University	71,725	69,131
NEBRASKA		
Agricultural Experiment Station, University of Nebraska	174,799	186,347
NEVADA		
Agricultural Experiment Station, University of Nevada	23,987	25,672
NEW HAMPSHIRE		
Agricultural Experiment Station, University of New Hampshire ..	9,876	9,849
NEW JERSEY		
Agricultural Experiment Station, Rutgers University	25,082	24,477
NEW MEXICO		
Agricultural Experiment Station, New Mexico State University ..	38,220	38,722
NEW YORK		
Agricultural Experiment Station, Cornell University	72,099	71,479
College of Veterinary Medicine, Cornell University	224,192	221,247
NORTH CAROLINA		
Agricultural Experiment Station and School of Veterinary Medicine, North Carolina State University	115,933	114,639
NORTH DAKOTA		
Agricultural Experiment Station, North Dakota State University	54,237	54,998
OHIO		
Ohio Agricultural Research and Dev. Center, Ohio State Univ. ..	84,797	87,816
College of Veterinary Medicine, Ohio State University	27,789	31,981
OKLAHOMA		
Agricultural Experiment Station and College of Veterinary Medicine, Oklahoma State University	113,514	122,968
OREGON		
Agricultural Experiment Station, Oregon State University	61,878	71,600
School of Veterinary Medicine, Oregon State University	28,199	23,523
PENNSYLVANIA		
Agricultural Experiment Station, Pennsylvania State Univ.	67,115	66,559
School of Veterinary Medicine, University of Pennsylvania	80,921	84,984
PUERTO RICO		
Agricultural Experiment Station, University of Puerto Rico	12,923	13,418
RHODE ISLAND		
Agricultural Experiment Station, University of Rhode Island ...	7,341	6,383
SOUTH CAROLINA		
Agricultural Experiment Station, Clemson University	22,144	24,493
SOUTH DAKOTA		
Agricultural Experiment Station, South Dakota State University	91,206	97,899
TENNESSEE		
Agricultural Experiment Station and College of Veterinary Medicine, University of Tennessee	66,621	65,174
TEXAS		
Agricultural Experiment Station and College of Veterinary Medicine, Texas A&M University	374,292	390,811
UTAH		
Agricultural Experiment Station, Utah State University	44,868	48,355
VERMONT		
Agricultural Experiment Station, University of Vermont	16,774	16,245
VIRGINIA		
Agricultural Experiment Station and College of Veterinary Medicine, Virginia Polytechnic Institute and State Univ.	107,930	105,288
WASHINGTON		
Agricultural Experiment Station, Washington State Univ.	40,814	35,870
College of Veterinary Medicine, Washington State Univ.	96,420	127,658
WEST VIRGINIA		
Agricultural & Forestry Experiment Station, West Virginia Univ.	11,919	11,441
WISCONSIN		
Agricultural Experiment Station and College of Veterinary Medicine, University of Wisconsin	184,053	185,411
WYOMING		
Agricultural Experiment Station, University of Wyoming	41,868	39,184
Subtotal	5,125,836	5,262,348
Federal administration	216,280	222,040
Small Business Act	64,884	66,612
Total	5,407,000	5,551,000

Table 6
Competitive Research Grants
Proposals Submitted and Grants Awarded in Fiscal Year 1990

	Proposals Received	Dollars Requested	Grants Awarded	Dollars Awarded
Plant Science				
Biological Stress	71	\$15,134,354	34	\$2,860,000
Genetic Mechanisms	19	3,153,268	13	1,140,000
Nitrogen Fixation	63	13,963,130	14	1,300,000
Photosynthesis	58	13,627,210	15	1,105,636
Soybeans	68	14,196,226	5	461,676
Alcohol Fuels	22	4,717,130	4	480,636
Subtotal	301	64,791,318	85	7,347,948
Human Nutrition				
Nutrient Requirements	87	21,075,079	17	1,403,988
Animal Science				
Brucellosis	11	3,330,961	2	444,612
Reproductive Research	150	39,767,207	26	4,235,664
Subtotal	161	43,098,168	28	4,680,276
Biotechnology				
Plant Growth and Development	137	33,210,444	30	2,950,000
Plant Molecular Biology	103	26,861,227	71	6,258,700
Responses to Biological Stress	76	16,810,426	15	1,590,000
Responses to Physical Stress (plants)	35	8,147,724	10	1,100,000
Animal Growth and Development	94	23,895,992	16	2,475,000
Animal Molecular Biology	142	42,551,865	17	3,425,000
Subtotal	587	151,477,678	159	17,798,700
Forestry				
Forest Biology	165	36,425,975	14	1,871,826
Wood Utilization	133	20,203,172	26	1,871,826
Subtotal	298	56,629,147	40	3,743,652
Pest Science				
Gypsy Moth, Pine Bark Beetle, Boll Weevil/Bollworm	209	41,310,319	19	1,872,300
Stratospheric Ozone Depletion	128	30,146,578	37	3,463,044
TOTAL	1,771	408,528,287	385	40,309,908
	Proposals Received	Dollars Requested	Grants Awarded	Dollars Awarded
1862 Land-Grant Universities	1,140	\$251,532,071	283	\$30,338,465
1890 Land-Grant Universities	10	2,880,711	- -	- -
Private Universities	100	30,500,158	21	2,116,884
Other Public Universities	221	52,844,855	27	2,986,200
Federal Laboratories	30	6,602,649	8	552,926
USDA/ARS/FS	123	22,659,940	19	1,831,376
Private Non-Profit	63	21,684,264	18	1,033,945
Private Profit	7	1,615,583	- -	- -
State and Local Agencies	4	1,790,677	- -	- -
Veterinary Schools & Colleges	60	14,676,571	6	1,249,612
Other	13	1,740,808	3	200,500
TOTAL	1,771	408,528,287	385	40,309,908

Table 7
Competitive Research Grants
Fiscal Year 1990 Recipients
(In Dollars)

<u>State/Recipient</u>	<u>Fiscal Year 1990 Actual</u>
ALABAMA	
Agricultural Experiment Station, Auburn University	\$379,000
University of Alabama, Birmingham	155,000
ALASKA	
Agricultural and Forestry Experiment Station, University of Alaska	100,000
ARIZONA	
Agricultural Experiment Station, University of Arizona	530,000
CALIFORNIA	
Agricultural Experiment Station, Univ. of California, Berkeley	1,234,700
Lois I. Rodrigo	66,000
San Diego State University	70,000
University of California, Davis	2,601,567
University of California, Santa Barbara	241,000
University of California, San Diego	265,000
University of California, Los Angeles	189,375
University of California, Riverside	675,000
COLORADO	
Agricultural Experiment Station, Colorado State University	495,188
University of Colorado	100,000
CONNECTICUT	
Agricultural Experiment Station, Univ. of Connecticut, Storrs .	143,750
Agricultural Experiment Station, New Haven	113,986
Yale University	190,000
DISTRICT OF COLUMBIA	
Georgetown University	48,684
National Academy of Sciences	6,000
FLORIDA	
Agricultural Experiment Station, University of Florida	1,152,493
Florida State University	100,000
GEORGIA	
Agricultural Experiment Station, University of Georgia	488,000
USDA-Agricultural Research Service	367,000
HAWAII	
Agricultural Experiment Station, University of Hawaii	185,300
IDAHO	
Agricultural Experiment Station, University of Idaho	117,000
ILLINOIS	
Agricultural Experiment Station, University of Illinois	755,000
University of Illinois, Champaign	579,000
Northern Illinois University	100,000
Northwestern University	50,000
USDA-Agricultural Research Service	711,000
INDIANA	
Agricultural Experiment Station, Purdue University	1,298,073
IOWA	
Agriculture & Home Economics Experiment Sta., Iowa State Univ.	847,428
University of Iowa	70,000
KANSAS	
Agricultural Experiment Station, Kansas State University	716,185
KENTUCKY	
Agricultural Experiment Station, University of Kentucky	849,000
LOUISIANA	
Agricultural Experiment Station, Louisiana State University ...	172,000
USDA Forest Service	82,300
MAINE	
Agricultural Experiment Station, University of Maine	198,100

State/Recipient	Fiscal Year 1990 Actual
MARYLAND	
Agricultural Experiment Station, University of Maryland	\$235,000
USDA-Agricultural Research Service	473,375
Federation of American Societies for Experimental Biology	6,000
MASSACHUSETTS	
Agricultural Experiment Station, University of Massachusetts ..	510,000
Massachusetts General Hospital	100,000
Tufts University	208,000
Worcester Foundation for Experimental Biology	200,000
University of Massachusetts Medical School	75,000
MICHIGAN	
Agricultural Experiment Station, Michigan State University	2,126,350
University of Michigan	539,000
Michigan Technological University	82,400
MINNESOTA	
Agricultural Experiment Station, University of Minnesota	723,000
Carleton College	32,000
MISSISSIPPI	
Agricultural and Forestry Experiment Station, Mississippi State University	120,000
MISSOURI	
Agricultural Experiment Station, University of Missouri	672,000
Washington University	399,000
MONTANA	
Agricultural Experiment Station, Montana State University	250,000
NEBRASKA	
Agricultural Experiment Station, University of Nebraska	890,000
NEVADA	
Agricultural Experiment Station, University of Nevada	270,000
NEW HAMPSHIRE	
Agricultural Experiment Station, University of New Hampshire ..	202,000
Dartmouth College	230,318
NEW JERSEY	
Agricultural Experiment Station, Rutgers University	1,030,000
University of Medicine and Dentistry of New Jersey	94,188
NEW YORK	
Agricultural Experiment Station, Cornell University	2,262,136
Boyce Thompson Institute	501,295
University of Rochester	100,000
Research Foundation of State University of New York	335,400
Syracuse University	130,000
NORTH CAROLINA	
Agricultural Experiment Station, North Carolina State University	729,700
University of North Carolina at Chapel Hill	100,000
Duke University	235,000
William R. Marcotte, Jr.	68,500
OHIO	
Agricultural Experiment Station, Ohio State University	567,000
Ohio University	102,000
Mercedes A. Ebbert	66,000
OKLAHOMA	
Agricultural Experiment Station, Oklahoma State University	210,000
OREGON	
Agricultural Experiment Station, Oregon State University	1,198,656
University of Oregon	150,000
PENNSYLVANIA	
Agricultural Experiment Station, Pennsylvania State University	510,664
Thomas Jefferson University	43,882
Temple University	100,000
University of Pennsylvania	80,000
USDA-Agricultural Research Service	230,000
Carnegie Mellon University	125,000
RHODE ISLAND	
Gordon Research Conference	25,650
SOUTH CAROLINA	
Agricultural Experiment Station, Clemson University	50,000
Medical University of South Carolina	170,000
SOUTH DAKOTA	
Agricultural Experiment Station, South Dakota State University	85,000

State/Recipient -----	Fiscal Year 1990 Actual -----
TENNESSEE	
Agricultural Experiment Station, University of Tennessee	\$451,000
TEXAS	
Agricultural Experiment Station, Texas A&M University	1,437,000
Texas Tech University	50,000
University of Texas	105,000
University of Texas Health Science Center	80,000
USDA/ARS Southern Plains Area	50,000
UTAH	
Agricultural Experiment Station, Utah State University	220,000
Brigham Young University	100,000
University of Utah	108,612
VERMONT	
Agricultural Experiment Station, University of Vermont	128,000
VIRGINIA	
Agricultural Experiment Station, Virginia Polytechnic Institute and State University	228,800
WASHINGTON	
Agricultural Experiment Station, Washington State University ..	535,000
University of Washington	444,600
WEST VIRGINIA	
Agricultural and Forestry Experiment Station, West Virginia University	111,000
WISCONSIN	
Agricultural Experiment Station, University of Wisconsin	1,434,626
Medical College of Wisconsin	70,000
USDA-Forest Service	470,626
Marquette University	200,000
Subtotal	40,309,908
Federal administration (4%)	1,700,840
Small Business Act	510,252
Total	42,521,000 =====

Table 8
National Needs Graduate Fellowships Grants
Proposals Submitted and Grants Awarded in Fiscal Year 1990

	Proposals Submitted			Grants Awarded		
	Proposals Received	Fellows Requested	Dollars Requested	Grants Awarded	Fellows Supported	Dollars Awarded
Biotechnology						
Animal	19	70	\$3,424,000	3	6	\$288,000
Plant	30	106	5,088,000	3	6	288,000
Subtotal	49	176	8,512,000	6	12	576,000
Food Science/Human Nutri.						
Food Science	18	66	3,171,000	3	6	288,000
Human Nutrition	9	33	1,584,000	3	6	288,000
Food Science & Human Nutrition	2	8	384,000	- -	- -	- -
Subtotal	29	107	5,139,000	6	12	576,000
Engineering-Food, Forest Products, or Agricultural	18	66	3,168,000	6	11	528,000
Marketing or Management- Food, Forest Products, or Agricultural	17	57	2,748,000	6	11	523,520
Water Sciences	12	45	2,185,000	6	11	528,000
TOTAL	125	451	21,752,000	30	57	2,731,520

Table 9
National Needs Graduate Fellowships Grants
Fiscal Year 1990 Recipients
(In Dollars)

Area/Recipient -----	Fiscal Year 1990 Actual -----
BIOTECHNOLOGY - ANIMAL	
Colorado State University	\$96,000
University of Missouri	96,000
University of Wisconsin	96,000
BIOTECHNOLOGY - PLANT	
University of Missouri	96,000
Cornell University, New York	96,000
Pennsylvania State University	96,000
ENGINEERING - FOOD, FOREST PRODUCTS, OR AGRICULTURAL	
University of Florida	96,000
University of Missouri	96,000
University of Nebraska	96,000
Pennsylvania State University	96,000
University of Tennessee	96,000
Virginia Polytechnic Institute and State University .	48,000
FOOD SCIENCE AND/OR HUMAN NUTRITION	
University of California, Davis	96,000
University of Georgia	96,000
University of Illinois	96,000
University of Minnesota	96,000
Pennsylvania State University	96,000
University of Wisconsin	96,000
MARKETING OR MANAGEMENT - FOOD, FOREST PRODUCTS, OR AGRICULTURAL	
Purdue University, Indiana	96,000
Kansas State University	91,520
University of Minnesota	48,000
Oregon State University	96,000
Virginia Polytechnic Institute and State University .	192,000
WATER SCIENCES	
Michigan State University	96,000
University of Nebraska	96,000
North Carolina State University	96,000
Oklahoma State University	96,000
Texas A&M University	96,000
Utah State University	48,000
Subtotal	2,731,520
Federal administration (3%)	84,480
Total	2,816,000 =====

Table 10
Competitive Challenge Grants
Fiscal Year 1990 Recipients
(In Dollars)

Recipient -----	Fiscal Year 1990 Actual -----
Tuskegee University, Alabama	\$45,675
California State University, Fresno	45,675
University of California, Davis	43,163
University of California, Riverside	45,578
Colorado State University	45,665
University of Delaware	45,675
University of Florida	45,675
University of Georgia	39,555
University of Hawaii, Manoa	45,675
University of Illinois	75,000
Purdue University, Indiana	67,660
Kansas State University	75,000
Michigan State University	45,675
University of Nebraska	45,675
North Carolina State University	45,675
Oregon State University	22,019
Pennsylvania State University	33,476
Texas A&I University	45,675
Texas A&M University	64,943
Utah State University	34,256
Subtotal	957,390
Federal administration (3%)	29,610
Total	987,000 =====

Table 11
1890 Institution Capacity Building Grants
Fiscal Year 1990 Recipients
(In dollars)

Category/Recipient -----	Fiscal Year 1990 Actual -----
Research Capacity Building Grants	
Alabama A&M University	\$340,047
Tuskegee University, Alabama	281,723
Delaware State University	50,000 a/
Florida A&M University	329,154
Fort Valley State College, Georgia	202,977
Kentucky State University	366,523
Southern University, Louisiana	497,356
University of Maryland-Eastern Shore	597,809
Lincoln University, Missouri	158,575
North Carolina A&T State University	154,154
Langston University, Oklahoma	50,000 a/
Tennessee State University	338,900
Prairie View A&M University, Texas	177,162
Subtotal, Research Grants	3,544,380
Teaching Capacity Building Grants	
Alabama A&M University	173,805
University of Arkansas-Pine Bluff	347,086
Florida A&M University	348,027
Fort Valley State College, Georgia	157,907
Kentucky State University	174,015
University of Maryland-Eastern Shore	173,916
Alcorn State University, Mississippi	50,000 a/
Lincoln University, Missouri	79,394
South Carolina State University	168,570
Virginia State University	50,000 a/
Subtotal, Teaching Grants	1,722,720
Federal administration (3%)	162,900
Total	5,430,000 =====

a/ Capacity Building Planning Grants.

COOPERATIVE STATE RESEARCH SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Buildings and Facilities:

[For acquisition of land, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities and for grants to States and other eligible recipients for such purposes, as necessary to carry out the agricultural research, extension and teaching programs of the Department of Agriculture, where not otherwise provided, \$62,867,000: Provided, That the \$2,853,000 appropriated in fiscal year 1990 for the Center for Research on Human Nutrition and Chronic Disease Prevention at Wake Forest University, Winston-Salem, North Carolina, shall be made available for planning and construction of the facility.] For grants for facilities and equipment under the Research Facilities Act, as amended (7 U.S.C. 390 et seq.), including administrative expenses, \$25,000,000.

This change authorizes funds for Buildings and Facilities under the Research Facilities Act, as amended.

COOPERATIVE STATE RESEARCH SERVICE

BUILDINGS AND FACILITIES

Appropriations Act, 1991	\$62,867,000
Budget Estimate, 1992	<u>25,000,000</u>
Decrease in Appropriation	<u>-37,867,000</u>
	=====

SUMMARY OF INCREASES AND DECREASES

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Change</u>	<u>1992 Estimated</u>
Buildings and Facilities, Total Available	\$62,867,000 =====	-\$37,867,000 =====	\$25,000,000 =====

PROJECT STATEMENT - CURRENT LAW

Project	1990 Actual		1991 Estimated		Increase or Decrease	1992 Estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
Buildings and Facilities:							
Competitive Facilities Program	- -		- -		+\$25,000,000	\$25,000,000	
Tuskegee Univ., AL .	- -		\$700,000		-700,000	- -	
Agric. Research Complex-Envir. Stress Lab, University of Arizona, Tucson ...	- -		(a)		- -	- -	
Ctr. for Alter. Pest Control Research, Univ. of Arkansas .	\$420,000		811,000		-811,000	- -	
Poultry Center of Excellence, Univ. of Arkansas	(a)		3,750,000		-3,750,000	- -	
Poultry Laboratory & Isolation Facility, Univ. of Arkansas .	247,000		337,000		-337,000	- -	
Rice Germplasm Ctr., University of Arkansas, Stuttgart	(a)		- -		- -	- -	
Altern. Pest Control Containment and Quarantine Fac., Univ. of CA., Davis	- -		(a)		- -	- -	
Grape Import. Facil. Univ. of CA., Davis	128,000		897,000		-897,000	- -	
Ag. Biotech. Inst., Univ. of Florida ..	1,530,000		2,690,000		-2,690,000	- -	
Biocontainment Facility, Univ. of Georgia ..	985,000		1,992,000		-1,992,000	- -	
Ctr. for Advanced Water Technology, Savannah State College, Georgia	- -		(a)		- -	- -	
Nat. Lab. for Envir. Sound Prod. Ag., Univ. of GA., Tifton	(a)		300,000		-300,000	- -	
Vidalia Onion Storage Research Facility, Univ. of GA., Tifton	- -		(a)		- -	- -	
Ctr. for Tropical & Subtropical Agric., Univ. of Hawaii ...	1,121,000		5,675,000		-5,675,000	- -	
Biotech. Facility, Univ. of Idaho	(a)		590,000		-590,000	- -	
Biotech. Center, Northwestern Univ., Illinois	- -		(a)		- -	- -	
National Soybean Lab, Univ. of Illinois .	1,306,000		1,617,000		-1,617,000	- -	
Molecular & Cellular Biotech. Facility, Indiana University	(a)		1,500,000		-1,500,000	- -	
National Ctr. for Food & Industrial Product Development, Iowa State Univ....	3,203,000		3,400,000		-3,400,000	- -	
Nutri. Research Ctr., Iowa State Univ...	2,271,000		1,755,000		-1,755,000	- -	
Plant Science Ctr., Kansas State Univ.	2,962,000		3,731,000		-3,731,000	- -	

Project	1990 Actual		1991 Estimated		Increase or Decrease	1992 Estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
Food Safety Lab., Univ. of Maine	- -	:	\$93,000	:	-\$93,000	- -	:
Presque Isle Farm Bldg. Consolidation,		:		:			:
University of Maine	(a)	:	150,000	:	-150,000	- -	:
Masardis Research Farm, Maine	\$114,000	:	157,000	:	-157,000	- -	:
Institute for Nat. Resources & Envir. Science, Univ. of Maryland	- -	:	(a)	:	- -	- -	:
Center/Hunger, Poverty, Nutrition & Policy, Tufts Univ., Massachusetts	- -	:	(a)	:	- -	- -	:
Food Toxicology Ctr., Michigan State Univ.	2,962,000	:	5,076,000	:	-5,076,000	- -	:
Bennett Living and Learning Center, Lincoln Univ., MO	- -	:	(a)	:	- -	- -	:
Nat. Ctr. for Devel. of Natural Products Univ. of Mississippi	3,875,000	:	- -	:	- -	- -	:
Bioscience Center, Montana State Univ.	247,000	:	1,250,000	:	-1,250,000	- -	:
Ctr for Advan. Tech. Univ. of Nebraska	2,962,000	:	4,500,000	:	-4,500,000	- -	:
Plant Bioscience Fac., Rutgers Univ.	89,000	:	2,544,000	:	-2,544,000	- -	:
New York Botanical Garden	- -	:	(a)	:	- -	- -	:
Biotech. Facil., NC Ctr. for Nutrition,	(a)	:	750,000	:	-750,000	- -	:
Wake Forest Univ, NC: Animal Care Fac., ND State Univ.....	- -	:	(a)	:	- -	- -	:
Inst/Ag Health Science and Rural Medicine, Univ. of North Dakota	- -	:	2,892,000	:	-2,892,000	- -	:
Inst. for Earth Sys Sci., Univ. of ND	4,147,000	:	- -	:	- -	- -	:
Industrial Agric. & Commun. Ctr., ND State Univ.....	2,304,000	:	2,511,000	:	-2,511,000	- -	:
Hettinger Research Teaching Lab, North Dakota State Univ..	148,000	:	- -	:	- -	- -	:
Seed Research and Regulatory Facility, ND State University	- -	:	(a)	:	- -	- -	:
Plant Sci. Greenhouse: Complex, North Dakota State Univ..	(a)	:	- -	:	- -	- -	:
Nat. Ctr. for Equine & Bovine Biotech. Research, Oklahoma State University ..	296,000	:	- -	:	- -	- -	:
Seafood Center, Oregon State Univ..	- -	:	(a)	:	- -	- -	:
Center for Food Marketing, St. Joseph's Univ., PA	- -	:	600,000	:	-600,000	- -	:
Bldg. Consolidation, Univ. of RI	(a)	:	1,904,000	:	-1,904,000	- -	:

Project	1990 Actual		1991 Estimated		Increase or Decrease	1992 Estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
No. Plains Biostress Lab., SD State Univ.:	\$1,679,000	:	\$1,970,000	:	-\$1,970,000	- -	:
Nursery Crop Research Station, Tennessee:	:	:	:	:	:	:	:
State University ..	247,000	:	248,000	:	-248,000	- -	:
Inst. of Biosciences & Technology, Texas:	:	:	:	:	:	:	:
A&M Univ. at Houston:	2,962,000	:	3,747,000 (b)	:	-3,747,000	- -	:
Biomed. Clinic, Univ. of Texas SW, Dallas:	(b)	:	- -	:	- -	- -	:
Biotech Lab, Utah:	:	:	:	:	:	:	:
State University ...	(a)	:	280,000	:	-280,000	- -	:
Tree Physiology and Maple Research Lab, Univ. of Vermont ...	370,000	:	372,000	:	-372,000	- -	:
Agric. Biotechnology Facility, Virginia:	:	:	:	:	:	:	:
Polytechnic Inst. & State University ..	112,000	:	918,000	:	-918,000	- -	:
Virginia-Maryland Regional College of Veterinary Medicine:	474,000	:	- -	:	- -	- -	:
College of Veterinary Medicine, Animal Disease Biotech Fac.:	:	:	:	:	:	:	:
WA State Univ.....	(a)	:	1,210,000	:	-1,210,000	- -	:
Food & Nutrition Ctr.:	:	:	:	:	:	:	:
WA State Univ.....	2,108,000	:	- -	:	- -	- -	:
Ctr. for Info. & Tech. Transfer, Gonzaga Univ., Spokane, WA:	617,000	:	- -	:	- -	- -	:
Poultry Research Facil. WV Univ.....	1,481,000	:	- -	:	- -	- -	:
Agric. Biotech/Genetics Fac., Univ. of Wisconsin	592,000	:	2,600,000	:	-2,600,000	- -	:
Research Greenhouse, Madison, Wisconsin:	- -	:	(a)	:	- -	- -	:
Rural Health Info. & Tech, Initiative, Med. College of WI:	- -	:	(a)	:	- -	- -	:
Envir. Simulation Fac., Univ. of WY:	- -	:	(a)	:	- -	- -	:
Reports on footnote (a) items	296,000	:	300,000	:	-300,000	- -	:
Carryover Balances:	5,000	:	165,000	:	-165,000	- -	:
Federal Admin. (3%):	(1,258,770)	:	(1,877,010)	:	(-1,127,010)	(750,000):	:
Total	42,260,000	10	66,835,000	10	-41,835,000 (1):	25,000,000	10
Total obligations	42,260,000	10	66,835,000	10	-41,835,000	25,000,000	10
Unobligated Balances:	:	:	:	:	:	:	:
Available, start of year	-1,120,000	- -	-3,968,000	- -	+3,968,000	- -	- -
Available, end of year:	3,968,000	- -	- -	- -	- -	- -	- -
Total, Appropriation ..	45,108,000	10	62,867,000	10	-37,867,000	25,000,000	10

(a) Funds were provided to the Cooperative State Research Service for the purpose of reporting to Congress on the need for this facility. Actual funds are not earmarked for award to the institution.

(b) In fiscal year 1989, \$950,000 was appropriated for the University of Texas Southwestern in Dallas. These funds were redirected by Congress to Texas A&M University in fiscal year 1991.

EXPLANATION OF PROGRAM

In the Fiscal Year 1991 Appropriations Act, \$62.9 million was appropriated to CSRS for Buildings and Facilities at designated universities. These funds are available until expended and CSRS is awarding grants for these facilities to the universities. In 1992, CSRS is proposing a \$25 million competitively awarded program of facilities grants.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net decrease of \$41,835,000 for Buildings and Facilities (\$66,835,000 available in 1991) consisting of:

(a) An increase of \$25,000,000 for a competitively awarded facilities program (No funding available in 1991).

Need for Change. The Department of Agriculture's National Research Initiative (NRI) is calling on the State land-grant universities for increased effort on national issues important to agriculture, food, and the environment. Six categories of research will be funded in the NRI: natural resources and the environment; nutrition, food quality and health; plant systems (including mapping of plant genomes); animal systems; markets, trade, and policy; and processes antecedent to adding value and developing new products. A Federal investment in research facilities will strengthen research capabilities and help maximize the return on the NRI investment in research. It is in the national interest to make Federal investments in agricultural research facilities to maintain our position of world leadership in agriculture. In addition, it is the only way that a comprehensive, coordinated solution to the problem can be achieved. New construction is driven at least as much by needs to upgrade the quality of the research facilities to meet emerging safety and other requirements as it is by needs to expand the total amount of research space. Among the factors often cited as contributing to the markedly increased costs of facilities construction are increasing standards for animal facilities, toxic waste disposal, biohazard control, and data communication capabilities.

Since 1986, CSRS has administered grants for construction of facilities at colleges and universities, as determined by Congress. It is estimated that, if the Federal government provides fifty percent of the funds, it will require approximately \$300 million of Federal funds to complete construction of the facilities that are currently being supported under the existing CSRS Buildings and Facilities program. These future needs clearly cannot be met. A coordinated assessment and funding of research facilities and equipment in national priority research areas is needed to efficiently provide the needed research capacity to meet the complex problems of agriculture.

Nature of Change. This request for a \$25 million competitively awarded program of facilities grants will fund proposals in the context of research priority areas for which there are significant shortages of research facilities and equipment in the Federal-State system. Full matching from non-Federal sources will be a requirement of grants awarded under the program. Proposals for the program would be evaluated in accordance with standard criteria, including the following:

1. Demonstrate that programs to be housed in the facility address high-priority needs in the food and agricultural sciences, as articulated in the NRI.

2. Expected contribution of the facility toward meeting national, regional, and institutional research and education needs in the food and agricultural sciences.
3. Evidence of the institution's commitment and capacity to provide the faculty, support staff, operating funds, and graduate students (as appropriate) necessary to support a quality program in the proposed facility.
4. Qualifications and experience of key project personnel to plan and manage the construction effort, including occupancy in the near-term future.
5. Reasonableness of budget request and evidence of applicant's ability to participate in project costs.

The Research Facilities Act of 1963, as amended (Public Law 88-74), authorizes a competitive program to assist eligible institutions in the construction, acquisition, and remodeling of buildings, laboratories, and other capital facilities which are necessary to more effectively conduct research in agriculture and related sciences through means of matching grants from the Federal Government. State Agricultural Experiment Stations, Colleges of Veterinary Medicine, Schools of Forestry, and the 1890 Institutions and Tuskegee University are eligible to compete for these funds. This facilities program is recommended for continued funding in the outyears at a level equal to 20 percent of the NRI's proposed funding level. To the extent that these construction funds are awarded competitively and not earmarked, future increases in funding may be justifiable.

- (b) A decrease of \$66,835,000 for Buildings and Facilities (\$66,835,000 available in 1991). These funds were earmarked for facilities at specific universities and no additional funding is being proposed for these universities in 1992. However, many of these as well as other institutions will be eligible to compete for funds under the competitively awarded facilities program.

9-1
EXTENSION SERVICE

Purpose Statement

Cooperative extension work was established by the Smith-Lever Act of May 8, 1914, as amended. Legislation authorizes the Department of Agriculture to provide, through the land-grant colleges, cooperative extension work that consists of the development of practical applications of research knowledge and the giving of instruction and practical demonstrations of existing or improved practices of technologies in agriculture, uses of solar energy with respect to agriculture, home economics, related subjects and to encourage the application of such information by demonstrations, publications, and other means to persons not attending or resident in the colleges. This work is further emphasized in Title XIV (National Agricultural Research, Extension, and Teaching Policy) of the Food and Agriculture Act of 1977, as amended.

To fulfill the requirements of the Smith-Lever Act, state and county Extension offices in each State, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Marianas and Micronesia, conduct educational programs to improve American agriculture and strengthen the Nation's families and communities.

The Extension Service, USDA, provides national leadership and represents the U.S. Department of Agriculture within the Cooperative Extension System, comprised of some 21,000 state and local Extension system employees and 2.9 million program service volunteers. As of September 30, 1990, there were 187 full-time permanent employees and 7 other than full-time permanent employees, all located in the D.C. metropolitan area.

9-2
EXTENSION SERVICE

Available Funds and Staff-Years

1990 Actual and Estimated, 1991 and 1992

Item	1990 Actual		1991 Estimated		1992 Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Extension Service.....	\$369,180,000	176	\$398,478,000	175	\$410,817,000	177
<u>Obligations under Other USDA</u>						
<u>Appropriations:</u>						
Agricultural Stabilization and Conservation Service -						
Agric. Conservation Program.....	100,000		--		--	
Colorado River Salinity.....	442,000		570,000		570,000	
Rural Clean Water Project.....	370,637		475,000		475,000	
Agricultural Research Service -						
Food Safety	47,100		48,000		48,000	
Support Services.....	4,537		5,000		5,000	
Low-Input Farming.....	2,000		--		--	
Study on Public Rangeland.....	35,000		35,000		35,000	
Water Quality Evaluation.....	40,000		41,000		41,000	
Animal and Plant Health Inspection Service -						
Biotechnology Int'l. Symposium.....	3,000		--		--	
Cooperative State Research Service -						
Low-Input Farming.....	157,000		150,000		150,000	
Rural Economic Development.....	--		25,000		25,000	
Economic Research Service -						
Rural Economic Development.....	25,000		--		--	
Water Quality Demo. Project.....	30,000		30,000		30,000	
Federal Crop Insurance Corporation -						
Educational Activities.....	330,895		350,000		350,000	
Federal Grain Inspection Service -						
Integrated Pest Management.....	20,000		--		--	
Food Safety and Inspection Service -						
Biotechnology Int'l. Symposium.....	3,000		--		--	
Consumer Residue Education.....	2,500		3,000		3,000	
Forest Service -						
Rural Economic Development.....	50,000		--		--	
Office of Transportation -						
Rural Economic Development.....	5,000		--		--	
Rural Electrification Administration-						
Rural Economic Development.....	25,000		--		--	
Soil Conservation Service -						
Low-Input Farming.....	5,000		--		--	
Rural Economic Development.....	50,000		--		--	
Water Quality	45,000		45,000		45,000	
Water Quality Pesticide Data Base....	15,000		--		--	
Total, Other USDA Appropriations	1,807,669	--	1,777,000	--	1,777,000	--
Total, Agriculture Appropriations	370,987,669	176	400,255,000	175	412,594,000	177

Item	1990 Actual		1991 Estimated		1992 Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Other Federal Funds:						
Reimbursements:						
AID-PASA International Extension.....	837,097		1,449,000		1,449,000	
Department of Commerce -						
Rural Economic Development.....	50,000		--		--	
Rural Tourism Development.....	121,650		122,000		122,000	
Department of Defense -						
Rural Economic Development.....	--		25,000		25,000	
Department of Education -						
Rural Economic Development.....	--		25,000		25,000	
Department of Health and Human Services -						
Rural Economic Development.....	--		25,000		25,000	
Department of Housing Urban Development -						
Rural Economic Development.....	--		25,000		25,000	
Department of Interior -						
Fish & Wildlife Recognition Program	6,368		7,000		7,000	
Rural Economic Development.....	50,000		--		--	
Department of Labor -						
Rural Economic Development.....	--		25,000		25,000	
Department of Transportation -						
Rural Economic Development.....	25,000		25,000		25,000	
Department of Treasury -						
Rural Economic Development.....	--		25,000		25,000	
Department of Veterans Affairs -						
Rural Economic Development.....	--		25,000		25,000	
Environmental Protection Agency -						
Water Quality Program.....	15,000		15,000		15,000	
Indian Nations Randon Training.....	15,000		15,000		15,000	
Pesticide Applicator Training.....	1,904,000		2,000,000		2,000,000	
Rural Economic Development.....	--		25,000		25,000	
Pesticide Public Policy Foundation -						
Highway/Right-Of-Way Training.....	66,800		--		--	
Small Business Administration -						
Rural Economic Development.....	50,000		--		--	
U.S. Army -						
Family Life Enrichment.....	756,206		800,000		800,000	
Total, Other Federal Funds	3,897,121		4,633,000		4,633,000	
Non-Federal Funds:						
Federal Assistance Program Retrieval..	3,500		5,000		5,000	
Federal Building Funds.....	145,527		145,000		145,000	
Federal Telecommunication System.....	129,235		130,000		130,000	
Cost Share Printing.....	12,717		10,000		10,000	
Total, Non-Federal Funds	290,979		290,000		290,000	
Total, Extension Service	\$375,175,769	176	\$405,178,000	175	\$417,517,000	177

	1990 Actual	1991 Estimated	1992 Estimated
Full-Time Equivalent Staff-Years:			
Ceiling	176	175	177
Non-Ceiling	<u>1</u>	<u>1</u>	<u>1</u>
Total	<u>177</u>	<u>176</u>	<u>178</u>

EXTENSION SERVICE

Permanent Positions by Grade and Staff Year Summary1990 and Estimated 1991 and 1992

Grade	1990	1991 est.	1992 est.
ES-6	1	1	1
ES-4	6	7	7
ES-3	1	0	0
GS/GM-15	30	31	32
GS/GM-14	37	36	38
GS/GM-13	12	11	12
GS-12	5	6	5
GS-11	8	8	8
GS-10	1	1	1
GS-9	5	6	6
GS-8	6	6	5
GS-7	17	18	19
GS-6	19	18	19
GS-5	14	14	14
GS-4	11	12	12
GS-3	8	8	6
Other Graded Positions	0	0	0
Ungraded Positions	0	0	0
Total, Permanent Positions	181	183	185
Unfilled Positions End of Year.....	1	0	0
Total, Permanent Employment End of Year.....	180	183	185
Staff Years:			
Ceiling.....	176	175	177
Non-Ceiling.....	1	1	1
TOTAL.....	177	176	178

EXTENSION SERVICE
CLASSIFICATION BY OBJECTS
1990 AND ESTIMATED 1991 AND 1992

Personnel Compensation:	1990	1991	1992
Headquarters.....	\$7,446,303	\$8,748,000	\$9,142,000
Field.....	- 0 -	- 0 -	- 0 -
11 Total Personnel Compensation.....	7,446,303	8,748,000	9,142,000
12 Personnel Benefits.....	1,236,185	1,440,000	1,463,000
Total Pers. Comp. & Benefits	8,682,488	10,188,000	10,605,000
Other Objects:			
21 Travel.....	592,183	710,000	750,000
	26,247	50,000	60,000
22 Transportation of things.....			
23.2 Communications, utilities & other rent.....	918,164	950,000	979,000
	354,931	400,000	444,000
24 Printing & reproduction.....	1,478,726	1,630,000	1,776,000
25 Other services.....	234,143	285,000	336,000
26 Supplies & materials.....	416,359	588,000	620,000
31 Equipment.....			
41 Grants, subsidies & contributions.....	357,684,515	384,067,000	395,247,000
Total other objects.....	<u>361,684,268</u>	<u>388,680,000</u>	<u>400,512,000</u>
Total direct obligations.....	<u>370,387,756</u>	<u>398,868,000</u>	<u>410,817,000</u>
<u>Positon Data:</u>			
Average Salary, ES positions.....	\$79,829	\$101,615	\$107,000
Salary, GM/GS positions.....	\$39,456	\$45,990	\$48,000
Average Grade, GM/GS positions.....	9.99	9.99	9.99

EXTENSION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Payments to States, Puerto Rico, Guam, the Virgin Islands, Micronesia, Northern Marianas, and American Samoa: For payments for cooperative agricultural extension work under the Smith-Lever Act, as amended, and the Act of September 29, 1977 (7 U.S.C. 341-349), as amended, and section 1361(c) of the Act of October 3, 1980 (7 U.S.C. 301n), to be distributed under sections 3(b) and 3(c) of said Act, for retirement and employees' compensation costs for extension agents and for costs of penalty mail for cooperative extension agents and State extension directors, [~~\$252,608,000;~~] \$262,100,000; payments for the nutrition and family education program for low-income areas under section 3(d) of the Act, [~~\$60,525,000;~~] \$58,635,000; [payments for the urban gardening program under section 3(d) of the Act, \$3,557,000;] payments for the pest management program under section 3(d) of the Act, [~~\$7,450,000;~~] \$10,000,000; [payments for the farm safety program under section 3(d) of the Act, \$1,970,000;] payments for the pesticide impact assessment program under section 3(d) of the Act, [~~\$3,230,000;~~] \$3,580,000; grants to upgrade 1890 land-grant college extension facilities as authorized by section 1416 of Public Law 99-198, \$9,508,000, to remain available until expended; [payments for the rural development centers under section 3(d) of the Act, \$950,000;] payments for extension work under section 209(c) of Public Law 93-471, [~~\$991,000;~~] \$1,000,000; payments for a groundwater quality program under section 3(d) of the Act, [~~\$10,375,000;~~] \$15,500,000; [for special grants for financially stressed farmers and dislocated farmers as authorized by Public Law 101-219, \$2,550,000;] payments for youth-at-risk programs under section 3(d) of the Act [~~\$7,500,000;~~] \$15,000,000; payments for a food safety program under section 3(d) of the Act [~~\$1,500,000;~~] \$2,000,000; [payments for Indian reservation agents under section 3(d) of the Act \$1,000,000; payments for carrying out the provisions of the Renewable Resources Extension Act of 1978 under section 3(d) of the Act, \$2,765,000;] and payments for extension work by the colleges receiving the benefits of the second Morrill Act (7 U.S.C. 321-326, 328) and Tuskegee University, [~~\$22,794,000;~~] \$27,000,000; in all, [~~\$389,273,000;~~] \$404,323,000; [of which not less than \$79,400,000 is for Home Economics:] Provided, That funds hereby appropriated pursuant to section 3(c) of the Act of June 26, 1953, and section 506 of the Act of June 23, 1972, as amended, shall not be paid to any State, Puerto Rico, Guam, or the Virgin Islands, Micronesia, Northern Marianas, and American Samoa prior to availability of an equal sum from non-Federal sources for expenditure during the current fiscal year.

Federal administration and coordination: For administration of the Smith-Lever Act, as amended by the Act of June 26, 1953, the Act of August 11, 1955, the Act of October 5, 1962, section 506 of the Act of June 23, 1972, section 209(d) of Public Law 93-471, and the Act of September 29, 1977 (7 U.S.C. 341-349), as amended, and section 1361(c) of the Act of October 3, 1980 (7 U.S.C. 301n.), and to coordinate and provide program leadership for the extension work of the Department and the several States and insular possessions, is [~~\$9,205,000~~] \$6,494,000 [of which not less than \$2,300,000 is for Home Economics] (Rural Development, Agriculture, and Related Agencies Appropriation Act, 1991.

The first change is for the purpose of deleting language providing for earmarked funding for Urban Gardening, Farm Safety, and Rural Development Centers. Earmarked funding for these programs is not proposed in fiscal year 1992.

The second change deletes language providing earmarked funding for Disadvantaged Farmer Assistance Grants, Indian Reservations Extension Agents, and programs funded under the Renewable Resources Extension Act. Earmarked funding for these programs is not proposed in fiscal year 1992.

The third and fourth changes delete the requirement establishing a level of support for Extension's Home Economics program. This provision conflicts with the primary intent of the Smith-Lever Act giving maximum flexibility to the State Cooperative Extension Services in determining programs needing attention in the respective States.

EXTENSION SERVICE

Appropriations Act, 1991	\$398,478,000
Budget Estimate, 1992	<u>410,817,000</u>
Increase in Appropriation	+12,339,000

SUMMARY OF INCREASES AND DECREASES

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Costs</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Smith-Lever 3b&c	\$252,608,000	- -	+\$9,492,000	\$262,100,000
Smith-Lever 3d:				
EFNEP	60,525,000	- -	-1,890,000	58,635,000
Pest Management	7,450,000	- -	+2,550,000	10,000,000
PIA	3,230,000	- -	+350,000	3,580,000
Urban Gardening	3,557,000	- -	-3,557,000	- -
Farm Safety	1,970,000	- -	-1,970,000	- -
Rural Development Centers	950,000	- -	-950,000	- -
Water Quality	10,375,000	- -	+5,125,000	15,500,000
Youth at Risk	7,500,000	- -	+7,500,000	15,000,000
Food Safety	1,500,000	- -	+500,000	2,000,000
Indian Reservations	1,000,000	- -	-1,000,000	- -
Renewable Resource Extension Act..	2,765,000	- -	-2,765,000	- -
D.C. Extension	991,000	- -	+9,000	1,000,000
Disadvantaged Farmer Assistance Grants	2,550,000	- -	-2,550,000	- -
1890 Colleges and Tuskegee University.....	22,794,000	- -	+4,206,000	27,000,000
1890's Facilities	9,508,000	- -	- -	9,508,000
Federal Administration and Coordination	<u>9,205,000</u>	<u>+\$797,000</u>	<u>-3,508,000</u>	<u>6,494,000</u>
Total, Available	<u>398,478,000</u>	<u>+797,000</u>	<u>+11,542,000</u>	<u>410,817,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1990 Actual		1991 Estimated		Increase or Decrease	1992 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
1. Payments to States:							
a. Smith-Lever Act							
(1) Sections 3b&c							
Program.....	\$236,422,120	--	\$246,344,680	--	+\$9,112,320	\$255,457,000	--
Set-aside for Federal Administration (4%).....	5,849,880	--	6,263,320	--	+379,680	6,643,000	--
Subtotal, Sections 3b & c.....	242,272,000	--	252,608,000	--	¹ +9,492,000	262,100,000	--
(2) Section 3 d							
Program:							
Food and Nutrition (EFNEP)....	58,197,000	--	60,525,000	--	-1,890,000	58,635,000	--
Pest Management.....	7,110,000	--	7,450,000	--	+2,550,000	10,000,000	--
Pesticide Impact Assessment..	2,561,000	--	3,230,000	--	+350,000	3,580,000	--
Urban Gardening.....	3,474,000	--	3,557,000	--	-3,557,000	--	--
Farm Safety.....	963,000	--	1,970,000	--	-1,970,000	--	--
Farm Financial Management...	1,416,000	--	--	--	--	--	--
Rural Development Centers.....	943,000	--	950,000	--	-950,000	--	--
Water Quality.....	5,211,000	--	10,375,000	--	+5,125,000	15,500,000	--
Youth at Risk.....	--	--	7,500,000	--	+7,500,000	15,000,000	--
Food Safety.....	--	--	1,500,000	--	+500,000	2,000,000	--
Indian Reservations.....	--	--	1,000,000	--	-1,000,000	--	--
Subtotal, Section 3 d.....	79,875,000	--	98,057,000	--	² +6,658,000	104,715,000	--
Total, payments under the Smith-Lever Act.....	322,147,000	146	350,665,000	148	+16,150,000	366,815,000	150
3. Payments under the Renewable Resources Extension Act.....	2,744,000	--	2,765,000	--	³ -2,765,000	--	--
3. Payments to the District of Columbia:							
Program.....	908,160	1	951,360	1	+8,640	960,000	1
Set-aside for Federal Administration (4%).....	37,840	--	39,640	--	+360	40,000	--
Total, payments to the District of Columbia.....	946,000	1	991,000	1	⁴ +9,000	1,000,000	1

Project	1990 Actual		1991 Estimated		Increase or Decrease	1992 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
d. Payments to 1890 Colleges and Tuskegee University:							
Program.....	20,962,560	1	21,882,240	1	+4,037,760	25,920,000	1
Set-aside for Federal Administration (4%).....	873,440	--	911,760	--	+168,240	1,080,000	--
Total, payments to 1890 Colleges and Tuskegee University.....	21,836,000	1	22,794,000	1	⁵ +4,206,000	27,000,000	1
e. Payments for Disadvantaged Farmers Assistance.....	3,325,000	--	2,550,000	--	⁶ -2,550,000	--	--
f. 1890's Facilities.....	9,437,000	--	9,508,000	--	--	9,508,000	--
2. Federal Administration and Coordination (Direct Appropriation).....	8,744,600	25	9,205,000	25	⁷ -2,711,000	6,494,000	25
Unobligated Balance.....	400	--	--	--	--	--	--
Total Available or Estimated.....	369,180,000	173	398,478,000	175	+12,339,000	410,817,000	177

Explanation of Program

Appropriations for the Extension Service enable the U.S. Department of Agriculture to perform its partnership role with State and local counterparts to carry out Cooperative Extension work for the benefit of our Nation's farmers and ranchers, agricultural industries, rural and urban communities, families and youth, and the ultimate consumers of agricultural goods and services.

Cooperative Extension work is authorized under the Smith-Lever Act of 1914, as amended; the Rural Development Act of 1972, as amended; and the District of Columbia Public Postsecondary Education Reorganization Act. The National Agricultural Research, Extension and Teaching Policy Act Amendments of 1981 and 1985 (Title XIV of the Agriculture and Food Acts of 1981 and 1985) also authorize the Federal Government, States and counties to implement cooperative Extension programs commensurate with needs stemming from changes in U.S. agricultural practices and the world food and agricultural situation.

The Extension Service, an agency in USDA, is a legislated partner in the cooperative effort with each State, the District of Columbia, Puerto Rico, Guam, the Virgin Islands, American Samoa, the Northern Marianas, and Micronesia.

Extension Service Programs in States and counties are financed from Federal, State, county and local sources and jointly planned with ES-USDA to provide educational programs adapted to national, state, and local issues and conditions. The Extension Service helps people identify and solve their farm, home, and community problems through use of research findings of the U.S. Department of Agriculture and the State Land-Grant colleges and universities.

JUSTIFICATION OF INCREASE/DECREASE

- (1) An increase of \$9,492,000 for programs under section 3(b)&(c) of the Smith-Lever Act (\$252,608,000) available in FY 1991).

Need for Change. Support for core programs of the Cooperative Extension System, which are financed from formula funds must be kept at appropriate levels. The Cooperative Extension System's ability to carry out its legislated responsibilities, is dependent on formula funds. Federal funds appropriated to support core programs leverage significant state and private sector support: currently, within the Cooperative Extension System, each \$3 in Federal Smith-Lever funds leverages in excess of \$7 in state, and other public or private sector funds. Additionally, they provide a system for the education of youth and adults, the application of knowledge and technology, and delivery of information to millions of farm firms, natural resources managers, Federal, state and local governments, and consumers throughout the nation. These funds provide a stable resource base assuring the capacity of the system to respond to changing needs and priorities.

Basic formula funding has been constant for a number of years. Extension Federal formula funds have not maintained purchasing power, in contrast to state funding. Strong Federal support allows the System to address National priorities effectively and timely. State Extension Services, especially those in geographically small or less densely populated states, are continuing to retrench program capacity.

An adequate national Extension System, staffed with highly trained and competent personnel, is crucial for tackling tomorrow's tasks and staying on the "cutting edge" in the delivery of agriculturally related information and technology to users. The System has been confronted with the problem of sustaining basic expertise in key scientific areas because of stagnating resources. This problem is compounded by excessive demands on existing staff due to increasing clientele demands and continuing staff reduction at all levels.

Equally important, USDA and the State Agricultural Experiment Stations depend upon the Extension System to help identify food and agricultural problems, to assist in the design and conduct of field experiments, and to help convert research results into practical and usable form. Demands for new technology to improve agricultural competitiveness, expand foreign markets, as well as conserve a sufficient natural resource base for future needs, require a continued strong collaboration between research and extension.

Issues that are emerging for the Food and Agricultural Science and Education System to address in the 1990's include:

- o Sustainability of Agriculture and the Environment;
- o Market Competitiveness;
- o Providing Abundant, Safe, Nutritious and Affordable Food;
- o Development of Scientific and Technical Expertise - Human Capital; and
- o Economic Viability of Rural America.

Through its linkages with Land Grant and other universities and USDA, the Cooperative Extension System is able to bring relevant research findings to bear on real-world issues and adapt these findings to specific locations.

Through its established network, which reaches every county in the nation, Extension is able to systematically provide objective information, education, and problem-solving assistance where needed and to obtain feedback on areas where further research is required. Extension also serves, coordinates, cooperates, and establishes coalitions

and alliances with other relevant public agencies and private organizations in helping to resolve issues. These joint efforts enable the Cooperative Extension System to fulfill its mission to help people improve their lives through an educational process that uses scientific knowledge focused on issues and needs.

Nature of Change. Failure to maintain purchasing power over the years has seriously eroded funding levels for core programs and basic scientific staff. This increase is proposed to address this system-wide concern. Funds will be distributed based on current formula. Distribution is based on the census data of farm and rural population within each State, as well as an equal share to all States.

A portion of the increase is intended to focus on the Cooperative Extension System plans for addressing the critical issue of Waste Management. The overall goal is to provide educational programs that enable consumers and communities to successfully change their waste management strategies.

Emphasis will be placed on this and other critical issues and extension activities through plans of work, program reviews and Cooperative Extension System policy implementation.

(2) A net increase of \$6,658,000 for programs under Section 3(d) of the Smith-Lever Act (\$98,057,000 available in FY 1991).

(a) An increase of \$5,125,000 for Water Quality program under Section 3(d) of the Smith-Lever Act (\$10,375,000 available in FY 1991).

Explanation of Change - There is a Nationwide concern about the impacts of agriculture on water quality. Agricultural chemicals have been detected in groundwater in several States. The President's Initiative on Water Quality defined a vigorous effort to protect ground and surface water from potential contamination by agricultural chemicals and wastes, especially pesticides and nutrients. The USDA's Water Quality Program Plan (1989) was developed to implement the 1990 Presidential Initiative. In FY 1992, the USDA plan calls for continuing 74 Hydrologic unit areas and 16 Demonstration Projects.

The Extension Service-USDA and the Cooperative Extension System are responding, and are prepared to support the USDA's Water Quality Program Plan. Under the FY91 Budget there will be active CES programs in 16 Demonstration Projects, and 74 Hydrologic Unit Areas. The FY 1992 Budget Request continues these efforts and adds regional projects. Staff training is a major component of improving program support capabilities. The Midwest Initiative is staffed, planned, and in operation; the Database Initiative is compiling information that is not available elsewhere. The CES has the capacity to respond.

To provide National leadership in the development and delivery of educational programs necessary to achieve the objectives of the President's Water Quality Initiative. These programs will:

- o Transfer to farmers and ranchers the results of Federal and University research that enables them to better manage their use of agricultural chemicals.
- o Address public and Congressional concerns about the impacts of agricultural chemicals in groundwater.
- o Conduct education and information programs on improved management practices, that will provide farmers with appropriate technology to minimize water contamination.
- o Influence how farmers and landowners assess the benefits and risks of the use of agricultural chemicals.

- o Increase awareness of the likely impacts of pesticides and nitrates on groundwater quality.
- o Increase awareness of rural residents of their dependence upon groundwater, and their responsibilities to protect it from contamination.

Nature of Change. The 1992 budget request proposes funds for Extension Service, USDA and the Cooperative Extension System to provide educational programs that encourage the voluntary adoption of management systems and practices that are economically viable and compatible with the maintenance or enhancement of water quality. Education and technical assistance are essential components of the Water Quality Initiative. The Initiative is a coordinated governmentwide program involving several USDA agencies, in cooperation with the Environmental Protection Agency, and the U.S. Geologic Survey. This budget request reflects the need for strong educational programs to support the President's Initiative.

- (b) An increase of \$7,500,000 for Youth-at-Risk programs under Section 3(d) of the Smith-Lever Act (\$7,500,000 available in FY 1991).

Need for Change - The problems facing America's youth and their families have not diminished. Substance abuse, school dropouts, teen pregnancy, teen suicide, and child abuse are at alarming levels. Extension System response to the Youth At Risk Initiative since the four regional implementation workshops in the Spring of 1989 and inclusion in the President's support in FY 1991 budget is strong and positive. Additional curricula were developed (Kansas "4-H Cares" and Minnesota's "I'll Take Charge") to support the initiative. State Staff Conferences, Volunteer Leader Forums and other workshops have occurred to enhance the capacity and skills of staff to implement Youth At Risk programs. A National Summit meeting held in September 1990 brought together key Extension leaders in 4-H, Home Economics and Community Development along with new partners and potential collaborators from the public and private sectors.

The FY 1991 budget targets approximately 50 communities. The positive response of this initiative is providing an opportunity to include other collaborators with the Extension System in fulfilling a commitment to youth at risk programming. The demonstration of commitment strengthens the potential for other agencies to collaborate with a financial investment in the Extension System youth programs.

Reports continue from States reflecting formation of community partnerships with other groups, and commitment of new support from communities and the private sector. State Extension staff are including additional training in their statewide conferences and workshops to provide new skills to staff and volunteers.

Continued matching support will be secured for the initial sites in the second year. The Extension System's early commitment to the goal of increasing the private match will provide opportunities to further strengthen a first year effort.

Nature of Change. Additional funding for the Youth At Risk Initiative is needed to strengthen the FY91 funded sites with expansion to more targeted communities. Also, funding is needed to retrain staff and volunteers nationwide with specific skill to further address the needs of youth.

The additional sites will provide program opportunity for more youth, parents, and community leaders. It further extends opportunities for community organizations and agencies to collaborate and to become a part of an intensive and comprehensive delivery system to high risk youth and families. The collaboration and educational programs not only result in more educational service to youth but also result in more community volunteers being trained to further amplify the project effort. As in FY 1991, matching from our cooperators will be required.

- (c) An increase of \$500,000 for Food Safety programs under Section 3(d) at the Smith-Lever Act (\$1,500,000 available in FY 1991)

Need for Change - Public concern over pesticide residues in food has been increasing during the last decade. In the 1989 "Trends" survey of the Food Marketing Institute, 74 percent of the 1,031 consumers surveyed regarded product safety as "very important" in their food selection decisions, but only 23 percent of the same respondents were "completely confident" about the safety of their food. Research completed on risk perceptions, indicates that public concerns are only partially based on risk assessment data. Educational programs can effectively address these concerns by increasing public understanding of risk management decisions and empowering consumers to make decisions based on this understanding.

Many chemicals and processes used in agricultural production and processing are potentially hazardous to human health, both to the user and the consumer. It is through the safe and judicious use that human health is protected. The parameters set to minimize risk are established by regulatory agencies such as EPA, FDA and FSIS. In order to meet these standards in an efficient manner, producers and processors need to have the knowledge and skills required to avoid contamination while maximizing economic benefits. A Hazard Analysis and Critical Control Point (HACCP) systems approach to food safety and process control is a logical and proven cost effective method of accomplishing these goals. Additionally, the Food Animal Residue Avoidance Data Base (FARAD) managed by Extension in cooperation with FSIS focuses on reducing residues in animals. This program needs to be strengthened and application of the HACCP concept broadened.

The Cooperative Extension System is well suited to provide educational programs to address food safety and quality issues. It currently has staff with the knowledge necessary to understand food systems from production to consumption, absolute and relative risks, risk communication techniques and the basis of identifying critical control points to target resources. This knowledge and experience is connected to a unique and extensive delivery system which has established linkages with the critical target audiences and potential collaborators such as state and local governments and private sector organizations.

Nature of Change. The requested increase will be used through state project proposals to support the implementation of an education program for all members of the food chain directed at increasing their responsible involvement in protecting the safety of the food supply. This would be accomplished through an increased understanding and awareness of relative risks involved in production decisions including the impact on the nutritional quality of the diet. Also for the development of a system-wide education program for food handlers to increase their adoption of safe handling practices, reduce the incidence of foodborne illness and subsequent cost. HACCP (hazard analysis and critical control points) models in production and processing systems to minimize potential contamination from pesticides, microbiological hazards, natural toxicants (e.g. mycotoxins) and environmental contaminations would be addressed.

- (d) A decrease of \$1,890,000 in payments to States for the Expanded Food and Nutrition Education Program (EFNEP) under Section 3(d) of the Smith-Lever Act (\$60,525,000 available in FY 1991).

Need for Change - The House Select Committee on Hunger has stated that "the hunger problem is multidimensional and defies easy solution." Among the issues the committee has selected for attention in the 101st Congress are: implementing effective policies and programs to alleviate high infant mortality rates; and continued investigation of various income security and economic development programs which may be utilized to support self-help projects.

The poverty rate for all persons in the U.S. in 1986 was 13.6%. For children under 18 years of age living in households headed by women, the rate was 34.2%. Although

just 20% of the population live in families headed by women, they account for 61% of the persistently poor.

The number of poor children younger than six increased by more than 41% between 1981 and 1986, but the amount of government funding for child care remained virtually unchanged, in constant dollars. This, combined with findings of undernutrition among low income, high risk preschool children, highlights the need for nutrition education and food assistance in Headstart and child care settings. CES can provide an expanded role in addressing these issues.

EFNEP targets low-income families with small children and through teaching, helps them acquire the knowledge, skills, attitudes and changed behavior necessary to improve their diet. Families are taught a nutrition curriculum which includes the relationship of nutrition to health, how to prepare and serve nutritious meals, and management of food resources including food stamps.

The EFNEP program reached over 200,000 low-income families and 400,000 low-income youth in FY89. Throughout the 20-year history of EFNEP, Cooperative Extension has demonstrated positive outcomes and has assisted low-income families in improving the total family diet and their nutritional wellness. Studies have shown that the retention of knowledge and practice is very good. Former EFNEP participants showed that even five years after graduation, their food recall scores, nutritional knowledge, and food practice scores remain significantly improved in comparison to their scores recorded upon entry into the program.

Nature of Change. The funding level provided will allow the EFNEP program to reach people in clusters or small group settings, to increase the frequency of teaching and establish liaisons with other organizations to aid in the recruitment of eligible families. Focus will continue on nutrition education, food management and improved diets and health.

EFNEP would continue to reach low-income families and maintain coordination with food assistance programs, such as Food Stamps and WIC and other public assistance programs at the local, State and Federal level. Continue to provide information about these other programs to meet the varied needs of this clientele, and establish improved cross-referral systems to help link people with the services available.

The proposed program will include the basic EFNEP youth component, which would specifically target low income youth audiences with special needs. Food and nutrition principles would be taught in a setting which encourages an understanding of the relationship between food and fitness, and the vital role each plays in good health. The program would be closely allied with 4-H to involve youth in additional 4-H projects designed for youth development. It is anticipated that community support would further magnify this EFNEP youth outreach and enhance the available resources to implement the core program.

(e) An increase of \$2,550,000 for the Integrated Pest Management Program (IPM) (\$7,450,000 available in FY 1991).

Need for Change. The use of pesticides in agriculture and other environments has become one of the major public issues of today. Concerns are based on the toxicity of pesticides and their effect on human and environmental health and well being. Integrated Pest Management (IPM) Extension programs have pioneered the safe and efficacious use of pesticides to attain sound economic returns to producers and other users. However, due to the increasing public concern IPM must expand its scope into non-traditional areas and also become the model upon which to pattern the crop and animal management systems necessary for agriculture in the future.

Over 70 million acres of cropland as well as many aspects of urban pest control have been impacted by Extension IPM programs. There have been over 340,000 farmers and ranchers involved in private and public IPM programs, realizing annual economic benefits averaging \$1750 or a total of \$113 million from increased returns through less

pesticide use and improved pest suppression. These current efforts are basically in the major US crops with some programs addressing crops of major importance at the State and local level. However, the present funding does not allow for an increased effort to address other pest management challenges in minor crops nor can IPM programs absorb the additional burdens that may be placed on agricultural producers through the regulatory processes accompanying present and future legislation.

The Extension System has allocated over \$80 million to IPM efforts since 1973. Additionally, the Federal funds leveraged an estimated 4 to 1 ratio of State, county and private sector contributions. Users reported higher prices for their crops than did non users. Yields were equal to or higher than for non-users.

One of the spin offs from IPM programs are the private consultants, who in most cases received their training from Extension. They continue their education by attending Extension programs and using Extension staff as a resource knowledge base on technical matters beyond their expertise.

Nature of Change. An increase in funding of \$2.5 million in FY 92 will allow Extension IPM programs to expand into the horticultural crops. These crops are most visible to the public since they are eaten either fresh or processed, but as a recognizable entity. It is these crops that have drawn the public's most recent attention and concern, as well as, food processors, who are becoming more strict in checking residue levels. If more IPM programs could be targeted to horticultural crops, USDA and the agricultural producer could take the lead in promoting human and environmental health through safe and efficacious use of pesticides.

Increased IPM programs in non-traditional areas such as minor crops will contribute to low input systems development, toward improved food safety and water quality, and the protection of endangered species.

The IPM programs are being used to develop total or integrated sustainable farming systems for our future well being.

Increases for targeted programs are proposed with matching requirements

- (f) An increase of \$350,000 for the National Agricultural Pesticide Impact Assessment Program (NAPIAP) (\$3,230,000 available in FY 1991).

Need for Change. The Pesticide Impact Assessment program provides management and coordination for USDA and State activity to support informed regulatory decisions concerning registered pesticides that significantly benefit U.S. food production without causing unreasonable adverse effects on the environment. This program funding provides support for the Cooperative Extension System's participation in the National Agricultural Pesticide Impact Assessment Program (NAPIAP).

EPA is required under Section VI of the Federal Insecticide Fungicide and Rodenticide Act (FIFRA) to refer to the Secretary of Agriculture all proposed cancellation actions. The Secretary's response is based on data collected and analyzed, through NAPIAP. Extension is an important component of this multi-agency effort. Recent concerns regarding water quality, food safety and endangered species along with an acceleration of EPA's re-registration program are placing increased pressure on the agricultural community to provide needed pesticide data.

The Cooperative Extension System is establishing a national data base of pesticide usage and yield impacts of alternative practices of pest control, i.e. other chemical pesticides, biological control, cultural practices and no control measures. This process has been initiated, as well as, a new procedure for the development of pesticide assessments. The pesticide usage data collection process is being coordinated with the National Agricultural Statistics Service (NASS) which is also collecting such data on specific crops.

Nature of Change. The requested level of funding will allow the acquisition of base data on pesticide usage and yield effects of alternative control strategies and periodic up-dates. This level of funding will also make it possible to accelerate the assessment process threefold. With the availability of pesticide use and alternative data and an augmentation of the USDA/Extension Service NAPIAP staff, the time required to develop an impact assessment will be reduced to less than six months. Each assessment will require about 0.75 staff years from the State Extension staff. The Extension Service conducted the first two pesticide impact assessments under the accelerated plan and met this targeted time frame.

- (g) A decrease of \$7,477,000 for the earmarked programs listed below (\$7,477,000 available in FY 1991):

A decrease of \$1,970,000 to eliminate earmarked funding for farm Safety (\$1,970,000 available in FY 1991).

A decrease of \$3,557,000 to eliminate the Urban Gardening Program (\$3,557,000 available in FY 1991).

A decrease of \$950,000 to eliminate earmarked funding for the Rural Development Center (\$950,000 available in FY 1991).

A decrease of \$1,000,000 to eliminate the special funding for Indian Reservation Extension Education (\$1,000,000 available in FY 1991).

Need for Change. Programs in these specific areas have been developed with prior earmarked funds. Funding from basic formula programs, State and local governments and private sources could be used to continue high priority aspects of these programs.

Nature of Change. This proposal will eliminate specially earmarked funds for certain programs under Section 3(d) of the Smith-Lever Act.

- (3) A decrease of \$2,765,000 to eliminate earmarked funding for the Renewable Resources Extension Act (RREA) (P.L. 95-306) (\$2,765,000 available in FY 1991).

Need for Change. RREA funds have assisted State and local efforts to initiate and develop programs in forest and range conservation and utilization. These funds have stimulated additional State and local support for educational programs for small, private, non-industrial forest and range landowners. Funding from basic formula programs, State and local governments and private sources could be used to continue high priority aspects of these programs.

Nature of Change. This proposal will eliminate specifically earmarked funding for the Renewable Resources Extension Act.

- (4) An increase of \$9,000 for payments to D.C. Extension (\$991,000 available in FY 1991).

Need for Change. The D.C. Cooperative Extension Service is the only unit in the national system that conducts Extension programs strictly for the benefit of urban clientele. Programs are concentrated on the development of necessary skills to help inner city low-income and needy residents cope with daily life. Programs to be carried out at this level include proper management of limited resources, energy conservation, home repairs, human nutrition, family living, youth development, and environment and community improvements.

Current objectives of the program are to provide educational programs to:

- o Meet specific needs of urban clientele to improve the quality of life.

- o Extend research-based knowledge and technology in the areas of nutrition, family living, and other problem-coping programs to the community.

Funding at this level would permit D.C. Extension to continue the programs in home horticulture, family resource and nutrition education, community development, and youth development. Additionally, D.C. Extension will continue programs which assist inner city low-income and needy residents in improving their quality of life. Programs will continue in limited resource management, energy conservation, home improvements, human nutrition, family living, youth development, and environment and community improvements.

The D.C. Extension program serves as a catalyst for cost-effectiveness in public assistance programs available to the low-income and needy residents of the Nation's Capital. It provides the educational component to make these programs more effective, with a view toward increasing self-sufficiency among recipients.

Nature of Change. Funds will be distributed based on current allowance. Emphasis will be placed on the above critical issues and extension activities through plans of work, program reviews and Cooperative Extension System policy implementation. Increased funds are requested to address the serious eroding of purchasing power due to high on-going operating costs and escalating costs to provide quality professionals to staff the system.

- (5) An increase of \$4,206,000 for the 1890 Colleges and Tuskegee University (\$22,794,000 available in FY 1991).

Need for Change. A recent study conducted for the U.S. Department of Labor found that the growth occupations of the future will require significantly higher levels of basic education. Some 41 percent of the jobs in the year 2000 will be in higher-skilled occupations, compared with 24 percent in 1984. The future clientele for all adult education agencies are set and predictable. They will be increasingly black, Hispanic, older and include more women.

The Cooperative Extension System and more pointedly, the 1890 Institutions are going to have to meet the challenge of increasing access and delivery options. This unique component of the System must remove barriers and employ strategies such as flexible scheduling for educational programs. Many of our clients are and will be increasingly forced to juggle work, family obligations and the need to learn. The Institutions must be flexible, provide choices of time, place and methods. The 1890 universities must become even more approachable and accessible.

There is an urgent need for increased support for the Extension programs at 1890 land-grant institutions and Tuskegee University to meet this two-fold challenge. As these institutions implement program initiatives in concert with 1862 institutions, and within their own structure, additional resources are required to provide clientele, particularly disadvantaged and limited resource people, with full Extension expertise in order for them to develop and improve decision-making skills, better manage available resources, and increase farm and family income.

Through the 1890 institutions and the Tuskegee University, a major emphasis is given to the Department's efforts with small and minority farmers and other limited resource audiences. Resources of the 1890 land-grant universities and the U.S. Department of Agriculture are oriented and made available to hard-to-reach and predominantly black clientele groups.

In coordination with the 1862 institutions, Extension programs at the 1890 institutions and Tuskegee University continue to help improve the quality of life of limited resource persons living in the 16 Southern border states. The primary mission of these institutions is to address the problems of a clientele group with limited resources in terms of adequate food, clothing and shelter.

Extension personnel at these institutions work with clientele to strengthen their ability to become contributing and productive citizens.

Nature of Change. Increased emphasis will be placed on responding to several national issues existing today, such as concerns of youth at risk, drug abuse, teenage pregnancy, aging, sustainability of small farm operations, and nutrition and health problems of limited resource families.

- o Drug Abuse Program - Funding for this initiative is necessary to develop and implement programs to address a problem primarily affecting minority and low-income youth. There is a need to build strong family and community bonds for youth that will develop self-esteem, promote pride and resist persistent school and community peer pressure.
- o Teenage Pregnancy Program - Identify and develop effective educational programs to significantly reduce this problem affecting the total country.
- o Aging Program - The number and proportion of people 65 and older is increasing faster than any other age group of the population. The unskilled minority elderly population is plagued with health, food, shelter and other basic life problems which can be addressed by these institutions very effectively.
- o Small scale and limited resource farmers - Continue these Institutions unique role in training, education and technology transfer functions in support of this important sector of American Agriculture.

- (6) A decrease of \$2,550,000 for payments to States for Disadvantaged Farmer Assistance (\$2,550,000 available in FY 1991).

Need for Change. Disadvantaged Farmer Assistance grants were provided to the States of Nebraska, Iowa, Missouri, Kansas, Mississippi, North Dakota, Oklahoma and Vermont to provide educational and counseling programs for economically distressed or displaced farmers. Initiated during the farm crises, these problems are not as severe today and major national initiatives to address issues of agricultural profitability and rural revitalization are underway through ongoing Extension programs. Funding from basic formula programs, State and local governments and private sources could be used to continue high priority aspects of these programs.

Nature of Change. This proposal will eliminate specifically earmarked funding for this program.

- (7) A net decrease of \$2,711,000 for Federal Administration and Coordination (direct appropriation) (\$9,205,000 available in FY 1991).

<u>Project</u>	<u>1991</u>	<u>Inc/Dec</u>	<u>1992</u>
Technology Transfer	\$ 331,000	-\$331,000	--
Farm Financial Mgmt	194,000	-194,000	--
Rural Development	431,000	-431,000	--
Crambe & Rapeseed	67,000	-67,000	--
American Pacific Init.	647,000	-647,000	--
New England Vertebrate	103,000	-103,000	--
Rural Revitalization	143,000	-143,000	--
Rural Education Model	846,000	-846,000	--
Documentary Films on American Agriculture	175,000	-175,000	--
Crop Simulation Projects	498,000	-498,000	--
Rural Rehabilitation Projects	256,000	-256,000	--
Presque Island	139,000	-139,000	--
Ag. Development	49,000	-49,000	--
Income Enhancement	<u>145,000</u>	<u>-145,000</u>	<u>--</u>
Subtotal	\$4,024,000	-4,024,000	--

	9-21		
Base, Federal Administration	5,181,000	+516,000	\$5,697,000
Annualization of Pay Raise .	--	<u>+797,000</u>	<u>797,000</u>
TOTAL	9,205,000	-2,711,000	6,494,000

(a) A decrease of \$4,024,000 for special projects (\$4,024,000 available in FY 1991).

Need for Change. Some of these projects have been funded for several years by the Congress. The results learned from them have been sufficiently integrated into ongoing programs or have generated additional resources from other than Federal funds to continue the expressed focus of the projects. Additionally, a number of these concerns are being addressed under other initiatives and funds within the budget request.

Nature of Change. This proposal will eliminate earmarked Federal funding support for these projects.

(b) An increase of \$516,000 for increased National leadership, direction and support for the Cooperative Extension System (\$5,181,000 available in FY 1991).

Need for Change. The Federal administration and coordination of State Extension Services across the country and several territories is critical to program and policy development and implementation. Through the leadership of ES-USDA, the Department and the Federal Government have access to a grassroots nationwide system that is extremely efficient at responding to current and emerging priorities and crises at the local, regional and national levels. As the Federal partner in the national Cooperative Extension System located in 3,150 counties, ES-USDA serves an effective catalyst in mobilizing and coordinating timely and effective educational expertise and assistance. However, ES-USDA's leadership capacity is seriously threatened by a protracted decline in resources.

The Extension Service-USDA's ability to provide direction to the Cooperative Extension System in responding to national concerns and issues such as water quality, drought, economic crisis, youth at risk, agricultural and rural technology needs and economic development is being seriously eroded by significant decreases in "purchasing power" dollar funding. Additional resources are very critical in restoring and maintaining appropriate levels of expertise to effectively provide national leadership, direction and support to the System.

Nature of Change. Requested funding level will allow more attention to be given to the substantial responsibilities required of the Extension Service, both as a coordinator and as working partner with other Federal, state and local agencies and organizations. ES-USDA needs adequate resources to access the expertise of Extension personnel throughout the land-grant universities.

(c) A total increase of \$797,000 for pay costs which consists of \$380,000 for the 1991 pay raise and \$417,000 for the 1992 pay raise.

EXTENSION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 AND ESTIMATED 1991 AND 1992
(Amounts in 000's)

State/Territory	FY 1990 Actual Obligations	Estimated Obligations	
		FY 1991	FY 1992
Alabama	\$ 11,950	\$ 12,166	\$ 12,614
Alaska	1,214	1,225	1,158
Arizona	2,805	2,623	2,391
Arkansas	8,544	8,446	8,888
California	10,110	10,272	10,064
Colorado	3,448	3,441	3,296
Connecticut	2,400	2,421	2,352
Delaware	1,989	1,973	2,024
Florida	7,889	7,901	7,952
Georgia	11,720	11,724	11,914
Hawaii	2,191	1,590	1,467
Idaho	2,872	2,838	2,790
Illinois	10,918	11,183	11,105
Indiana	8,829	9,013	9,140
Iowa	10,347	9,798	9,519
Kansas	6,522	6,287	5,982
Kentucky	11,960	12,155	12,803
Louisiana	9,103	9,279	9,313
Maine	2,616	2,450	2,439
Maryland	5,448	5,466	5,481
Massachusetts	3,594	3,540	3,400
Michigan	9,703	9,858	9,885
Minnesota	9,495	8,950	9,172
Mississippi	11,121	10,594	10,383
Missouri	11,725	11,715	11,748
Montana	2,804	2,854	2,570
Nebraska	6,012	5,544	5,244
Nevada	1,289	1,289	1,182
New Hampshire	1,710	1,702	1,700
New Jersey	3,734	3,796	3,649
New Mexico	2,835	2,504	2,395
New York	11,850	11,517	11,088
North Carolina	15,926	16,090	16,641
North Dakota	5,053	3,919	3,442
Ohio	10,874	11,379	11,479
Oklahoma	8,591	7,955	7,938
Oregon	4,601	4,108	3,897
Pennsylvania	11,673	11,896	11,741
Rhode Island	1,297	1,265	1,239
South Carolina	9,087	8,846	9,056
South Dakota	3,459	3,519	3,542
Tennessee	12,369	12,351	12,617
Texas	18,968	19,190	19,531
Utah	2,021	1,961	1,856
Vermont	2,232	1,971	1,817
Virginia	10,895	10,864	11,184
Washington	4,733	4,604	4,544
West Virginia	4,634	4,699	4,726
Wisconsin	8,842	8,817	8,878
Wyoming	1,715	1,623	1,571
American Samoa	481	770	800
Guam	779	826	858
Micronesia	537	841	874
No. Mariana Islands	469	749	779
Puerto Rico	7,512	7,666	7,686
Virgin Islands	775	806	838
District of Columbia	957	951	980
Sub-total	\$357,127	\$353,580	\$353,200
To be allocated: (91/92)			
Earmarked Efforts	227	27,902	38,835
FERS	--	4,000	4,000
<u>Federal Administration</u>	<u>11,826</u>	<u>12,996</u>	<u>14,782</u>
Total	\$369,180	\$398,478	\$410,817

TABLE I
APPROPRIATION FOR PAYMENTS TO STATES
STATE ALLOTMENTS, FY 1990 - 1992

Smith-Lever Act: Section 3(b) & 3(c)	FY-1990	FY-1991	Proposed FY-1992
Alabama	\$ 5,244,834	\$ 5,443,346	\$ 5,625,649
Alaska	754,061	799,428	841,088
American Samoa	643,477	680,721	714,921
Arizona	1,330,593	1,404,368	1,472,122
Arkansas	4,403,831	4,586,951	4,755,121
California	5,311,663	5,605,236	5,874,837
Colorado	2,088,183	2,201,630	2,305,814
Connecticut	1,573,019	1,656,570	1,733,303
Delaware	891,521	945,530	995,126
Florida	3,077,933	3,254,619	3,416,875
Georgia	5,836,835	6,091,201	6,324,799
Guam	677,932	717,671	754,168
Hawaii	956,394	1,003,494	1,046,749
Idaho	1,877,112	1,989,333	2,092,388
Illinois	6,982,259	7,362,278	7,711,270
Indiana	6,268,916	6,626,117	6,954,151
Iowa	6,651,022	7,039,174	7,395,627
Kansas	3,901,435	4,109,446	4,300,473
Kentucky	6,662,435	6,986,661	7,284,415
Louisiana	3,903,734	4,066,549	4,216,067
Maine	1,574,158	1,657,932	1,734,865
Maryland	2,391,302	2,512,433	2,623,670
Massachusetts	1,968,994	2,071,949	2,166,499
Michigan	6,361,272	6,698,083	7,007,389
Micronesia	695,173	738,258	777,821
Minnesota	6,239,419	6,584,028	6,900,501
Mississippi	5,458,945	5,640,450	5,807,130
Missouri	6,177,277	6,512,657	6,820,653
Montana	1,760,952	1,861,479	1,953,798
Nebraska	3,525,202	3,723,430	3,905,468
Nevada	761,248	808,240	851,391
New Hampshire	1,114,556	1,183,387	1,246,594
New Jersey	1,936,589	2,038,037	2,131,201
New Mexico	1,433,409	1,506,613	1,573,835
New York	6,000,506	6,298,456	6,572,072
North Carolina	8,817,230	9,184,383	9,521,558
North Dakota	2,445,962	2,576,017	2,695,455
Ohio	7,677,044	8,090,707	8,470,596
Oklahoma	3,952,012	4,143,089	4,318,568
Oregon	2,480,371	2,625,637	2,759,037
Pennsylvania	7,505,264	7,889,349	8,242,072
Puerto Rico	5,603,199	5,737,543	5,860,920
Rhode Island	756,997	801,255	841,900
South Carolina	4,302,384	4,468,890	4,621,797
South Dakota	2,525,791	2,664,456	2,791,801
Tennessee	6,422,424	6,699,599	6,954,136
Texas	8,899,685	9,312,589	9,691,775
Utah	1,167,310	1,230,503	1,288,537
Vermont	1,244,456	1,314,672	1,379,151
Virgin Islands	659,504	698,860	735,005
Virginia	5,325,912	5,559,244	5,773,526
Washington	2,939,150	3,103,297	3,254,039
West Virginia	3,100,987	3,237,783	3,363,410
Wisconsin	6,234,753	6,578,285	6,893,771
Wyoming	1,052,202	1,112,656	1,168,175
<u>No. Mariana Islands</u>	<u>623,383</u>	<u>660,202</u>	<u>694,012</u>
Sub-total	\$200,172,211	\$210,094,771	\$219,207,091
3(b) Special Needs	1,544,909	1,544,909	1,544,909
3(c) Fed'l Admin.	5,849,880	6,263,320	6,643,000
Total	\$207,567,000	\$217,903,000	\$227,395,000

TABLE IA
 APPROPRIATION FOR PAYMENTS TO STATES
 PESTICIDE IMPACT ASSESSMENT, FY 1990 - 1992

Smith-Lever Act: Section 3(d)	FY-1990	FY-1991	Proposed FY-1992
Alabama	\$ 24,287	\$ 38,677	\$ 38,677
Alaska	8,491	10,204	10,204
American Samoa		10,000	10,000
Arizona	17,980	16,806	16,806
Arkansas	37,917	29,546	29,546
California	82,862	104,077	104,077
Colorado	18,976	35,918	35,918
Connecticut	11,155	16,059	16,059
Delaware	10,940	20,827	20,827
Florida	34,080	50,517	50,517
Georgia	53,195	41,762	41,762
Guam	8,620	10,383	10,383
Hawaii	11,177	14,524	14,524
Idaho	18,770	37,739	37,739
Illinois	75,047	51,681	51,681
Indiana	39,000	34,626	34,626
Iowa	72,061	61,069	61,069
Kansas	32,535	42,911	42,911
Kentucky	21,032	44,086	44,086
Louisiana	23,126	34,659	34,659
Maine	13,573	16,888	16,888
Maryland	16,505	18,479	18,479
Massachusetts	14,331	14,398	14,398
Michigan	31,916	30,261	30,261
Micronesia		10,000	10,000
Minnesota	48,656	48,458	48,458
Mississippi	38,171	28,723	28,723
Missouri	35,076	43,709	43,709
Montana	16,419	20,281	20,281
Nebraska	48,392	52,681	52,681
Nevada	9,744	11,069	11,069
New Hampshire	9,552	17,489	17,489
New Jersey	14,796	26,122	26,122
New Mexico	11,847	20,301	20,301
New York	29,003	39,706	39,706
North Carolina	43,402	45,235	45,235
North Dakota	20,430	24,805	24,805
Ohio	39,700	42,065	42,065
Oklahoma	26,461	42,991	42,991
Oregon	20,264	26,842	26,842
Pennsylvania	24,268	31,541	31,541
Puerto Rico	8,519	17,089	17,089
Rhode Island	10,400	10,352	10,352
South Carolina	25,400	24,386	24,386
South Dakota	19,430	26,496	26,496
Tennessee	22,795	35,340	35,340
Texas	73,493	97,362	97,362
Utah	11,519	14,352	14,352
Vermont	10,193	16,758	16,758
Virgin Islands	8,987	10,007	10,007
Virginia	22,933	32,957	32,957
Washington	26,116	27,980	27,980
West Virginia	11,408	18,854	18,854
Wisconsin	33,276	54,182	54,182
Wyoming	10,774	15,770	15,770
No. Mariana Islands		10,000	10,000
Sub-total	\$1,409,000	\$1,730,000	\$1,730,000
Special Projects	1,152,000	1,500,000	1,850,000
Total	\$2,561,000	\$3,230,000	\$3,580,000

TABLE IB
 APPROPRIATION FOR PAYMENTS TO STATES
 FOOD AND NUTRITION EDUCATION, FY 1990 - 1992

Smith-Lever Act: Section 3(d)	FY-1990	FY-1991	Proposed FY-1992
Alabama	\$ 1,898,566	\$ 1,959,269	\$ 1,909,987
Alaska	166,106	172,555	167,319
American Samoa	57,859	63,041	58,834
Arizona	536,643	559,425	540,929
Arkansas	1,209,822	1,248,919	1,217,178
California	3,146,396	3,306,089	3,176,441
Colorado	531,838	554,712	536,142
Connecticut	433,749	452,897	437,352
Delaware	212,499	220,669	214,036
Florida	1,947,329	2,028,220	1,962,548
Georgia	2,066,330	2,133,095	2,078,891
Guam	57,988	63,260	58,980
Hawaii	247,520	256,769	249,260
Idaho	280,138	291,144	282,209
Illinois	2,039,188	2,121,138	2,054,606
Indiana	1,153,427	1,193,997	1,161,060
Iowa	867,380	895,041	872,584
Kansas	664,678	689,151	669,282
Kentucky	1,594,827	1,646,822	1,604,610
Louisiana	1,793,083	1,858,178	1,805,330
Maine	404,231	418,454	406,907
Maryland	806,672	838,473	812,655
Massachusetts	928,001	967,105	935,358
Michigan	1,707,403	1,769,438	1,719,074
Micronesia	61,728	69,682	63,224
Minnesota	952,705	985,888	958,948
Mississippi	1,642,074	1,694,371	1,651,913
Missouri	1,488,317	1,540,243	1,498,087
Montana	284,558	295,429	286,603
Nebraska	516,722	534,622	520,090
Nevada	163,589	170,861	164,957
New Hampshire	228,189	237,247	229,893
New Jersey	1,022,187	1,068,054	1,030,817
New Mexico	486,539	506,066	490,213
New York	3,247,725	3,394,059	3,275,257
North Carolina	2,423,266	2,495,823	2,436,917
North Dakota	330,654	341,536	332,701
Ohio	2,100,119	2,178,542	2,114,874
Oklahoma	1,006,744	1,043,512	1,013,662
Oregon	470,823	491,618	474,736
Pennsylvania	2,580,347	2,674,542	2,598,069
Puerto Rico	1,329,858	1,434,530	1,349,553
Rhode Island	290,345	301,382	292,421
South Carolina	1,464,288	1,508,390	1,472,586
South Dakota	373,104	385,718	375,477
Tennessee	1,896,952	1,958,079	1,908,453
Texas	4,020,306	4,167,402	4,047,981
Utah	294,621	307,368	297,019
Vermont	225,349	233,258	226,837
Virgin Islands	57,292	62,065	58,190
Virginia	1,620,178	1,672,785	1,630,076
Washington	648,670	676,743	653,952
West Virginia	937,064	966,995	942,695
Wisconsin	916,171	951,069	922,737
Wyoming	180,801	187,635	182,087
<u>No. Mariana Islands</u>	<u>56,842</u>	<u>61,297</u>	<u>57,683</u>
Sub-total	\$58,069,800	\$60,304,680	\$58,490,280
Special Projects	127,200	220,320	144,720
Total	\$58,197,000	\$60,525,000	\$58,635,000

TABLE IC
 APPROPRIATION FOR PAYMENTS TO STATES
 INTEGRATED PEST MANAGEMENT, FY 1990 - 1992

Smith-Lever Act: Section 3(d)	FY-1990	FY-1991	Proposed FY-1992
Alabama	\$ 235,941	\$ 235,941	\$ 235,941
Alaska	39,000	39,000	39,000
American Samoa	-0-	-0-	-0-
Arizona	79,000	79,000	79,000
Arkansas	249,043	249,043	249,043
California	230,000	230,000	230,000
Colorado	79,000	79,000	79,000
Connecticut	50,000	50,000	50,000
Delaware	50,000	50,000	50,000
Florida	141,000	141,000	141,000
Georgia	312,410	312,410	312,410
Guam	10,000	10,000	10,000
Hawaii	50,000	50,000	50,000
Idaho	79,000	79,000	79,000
Illinois	230,000	230,000	230,000
Indiana	173,000	173,000	173,000
Iowa	230,000	230,000	230,000
Kansas	141,000	141,000	141,000
Kentucky	79,000	79,000	79,000
Louisiana	260,500	260,500	260,500
Maine	79,000	79,000	79,000
Maryland	79,000	79,000	79,000
Massachusetts	79,000	79,000	79,000
Michigan	141,000	141,000	141,000
Micronesia	-0-	-0-	-0-
Minnesota	201,000	201,000	201,000
Mississippi	311,702	311,702	311,702
Missouri	212,089	212,089	212,089
Montana	79,000	79,000	79,000
Nebraska	201,000	201,000	201,000
Nevada	39,000	39,000	39,000
New Hampshire	50,000	50,000	50,000
New Jersey	79,000	79,000	79,000
New Mexico	50,000	50,000	50,000
New York	110,000	110,000	110,000
North Carolina	220,141	220,141	221,141
North Dakota	79,000	79,000	79,000
Ohio	201,000	201,000	201,000
Oklahoma	219,800	219,800	219,800
Oregon	110,000	110,000	110,000
Pennsylvania	110,000	110,000	110,000
Puerto Rico	33,000	33,000	33,000
Rhode Island	39,000	39,000	39,000
South Carolina	198,865	198,865	198,865
South Dakota	79,000	79,000	79,000
Tennessee	179,979	179,979	179,979
Texas	612,530	612,530	612,530
Utah	50,000	50,000	50,000
Vermont	39,000	39,000	39,000
Virgin Islands	10,000	10,000	10,000
Virginia	110,000	110,000	110,000
Washington	110,000	110,000	110,000
West Virginia	39,000	39,000	39,000
Wisconsin	141,000	141,000	141,000
Wyoming	50,000	50,000	50,000
No. Mariana Islands	-0-	-0-	-0-
Sub-total	\$7,060,000	\$7,060,000	\$ 7,060,000
Special Project	50,000	390,000	2,940,000
Total	\$7,110,000	\$7,450,000	\$10,000,000

TABLE ID
 APPROPRIATION FOR PAYMENTS TO THE 1890 LAND-GRANT COLLEGES
 AND TUSKEGEE UNIVERSITY, FY 1990 - 1992

INSTITUTIONS	FY-1990	FY-1991	Proposed FY-1992
ALABAMA:			
Alabama A&M University	\$ 1,133,166	\$ 1,180,559	\$ 1,388,630
Tuskegee University	1,133,166	1,180,559	1,388,630
ARKANSAS:			
University of Arkansas at Pine Bluff	1,019,601	1,064,290	1,260,500
DELAWARE:			
Delaware State College	371,400	386,392	452,216
FLORIDA:			
Florida A&M University	926,246	968,284	1,152,843
GEORGIA:			
Fort Valley State College	1,342,659	1,402,666	1,666,130
KENTUCKY:			
Kentucky State University	1,681,963	1,759,918	2,102,160
LOUISIANA:			
Southern University and A&M College	940,926	980,058	1,151,873
MARYLAND:			
University of Maryland Eastern Shore	720,826	750,833	882,565
MISSISSIPPI:			
Alcorn State University	1,131,140	1,174,882	1,366,928
MISSOURI:			
Lincoln University	1,668,648	1,749,940	2,106,861
NORTH CAROLINA:			
North Carolina A&T State University	2,030,289	2,115,768	2,491,027
OKLAHOMA:			
Langston University	1,004,059	1,051,009	1,257,145
SOUTH CAROLINA:			
South Carolina State Univ.	990,495	1,030,260	1,204,851
TENNESSEE:			
Tennessee State University	1,529,863	1,596,108	1,886,953
TEXAS:			
Prairie View A&M Univ.	2,046,539	2,143,761	2,570,586
VIRGINIA:			
Virginia State Univ.	1,291,574	1,346,953	1,590,102
Subtotal	20,962,560	21,882,240	25,920,000
Fed'l Administration	873,440	911,760	1,080,000
TOTAL	\$21,836,000	\$22,794,000	\$27,000,000

TABLE IE
 APPROPRIATION FOR PAYMENTS TO STATES
 1890 EXTENSION FACILITIES PROGRAM, FY 1990 - 1992

INSTITUTIONS	FY-1990	FY-1991	Proposed FY-1992
ALABAMA:			
Alabama A&M University	\$ 463,360	\$ 466,573	\$ 466,573
Tuskegee University	707,775	713,328	713,328
ARKANSAS:			
University of Arkansas at Pine Bluff	466,188	469,295	469,295
DELAWARE:			
Delaware State College	198,177	200,000	200,000
FLORIDA:			
Florida A&M University	372,762	375,436	375,436
GEORGIA:			
Fort Valley State College	279,335	281,577	281,577
KENTUCKY:			
Kentucky State University	463,354	466,479	466,479
LOUISIANA:			
Southern University and A&M College	1,093,748	1,101,811	1,101,811
MARYLAND:			
University of Maryland Eastern Shore	558,670	563,154	563,154
MISSISSIPPI:			
Alcorn State University	466,188	469,295	469,295
MISSOURI:			
Lincoln University	198,177	200,000	200,000
NORTH CAROLINA:			
North Carolina A&T State University	466,188	469,295	469,295
OKLAHOMA:			
Langston University	466,188	469,295	469,295
SOUTH CAROLINA:			
South Carolina State Univ.	823,850	830,425	830,425
TENNESSEE:			
Tennessee State University	559,614	564,280	564,280
TEXAS:			
Prairie View A&M Univ.	558,670	563,153	563,153
VIRGINIA:			
Virginia State Univ.	917,276	924,284	924,284
Subtotal	<u>\$9,059,520</u>	<u>\$9,127,680</u>	<u>\$9,127,680</u>
Fed'l Administration	<u>377,480</u>	<u>380,320</u>	<u>380,320</u>
TOTAL	\$9,437,000	\$9,508,000	\$9,508,000

TABLE II
 APPROPRIATION FOR PAYMENTS TO STATES
 BASIS OF ALLOTMENT AND MATCHING REQUIRED
 FISCAL YEAR 1991

<u>ITEM</u>	<u>TOTAL ESTIMATE 1992</u>	<u>ALLOTMENT</u>	<u>AMOUNT PAID W/D MATCHING</u>	<u>AMOUNT REQUIRED MATCHING</u>
Smith-Lever Act:	\$246,535,000			
Section 3(b)		56,475,091 -fixed by Sec 3b PL 87-749 1,544,909 -Spec'l Need	14,513,808	41,961,283
			--	1,544,909
Section 3(c)		(169,375,000) 64,892,800 -farm pop. 64,892,800 -rural pop. 32,946,400 -equally & for 6,643,000 fed's admin. & coord. Sec 3c.1	7,643,000	161,732,000
Fed Employees Retirement System		4,000,000 -Fed's contr.	4,000,000	--
Retirement & Employees Compensation Cost		15,252,000 -Fed'l contribution	15,252,000	--
Penalty Mail		15,453,000 -Reimbursement to US Postal Service	15,453,000	--
Section 3(d)	104,715,000	58,490,280 -EFNEP 144,720 -Fed'l Admin. 10,000,000 -IPM 15,500,000 -Water Quality 3,580,000 -PIA 15,000,000 -YAR 2,000,000 -Food Safety	58,635,000 10,000,000 6,850,000 3,580,000 -- --	-- -- 8,650,000 -- 15,000,000 2,000,000
Title XIV, Food/Ag Act 1977, as amended, 1890 Colleges	27,000,000	(27,000,000) 1,080,000 -Fed'l Admin. 25,920,000 -To 1890 Colleges & Tuskegee	27,000,000	--
Section 1416, Facilities Grants	9,508,000	(9,508,000) 380,320 -Fed's Admin. 9,127,680 -To 1890 Colleges & Tuskegee	9,508,000	--
D.C. Public Postsecondary Education Reorganization Act	1,000,000	(1,000,000) 40,000 -Fed'l Admin. 960,000 -To Univ. D.C	40,000	960,000
SUBTOTAL Fed'l Admin.	\$404,323,000 6,494,000	\$404,323,000	\$172,474,808	\$231,848,192
Total FY-1992	\$410,817,000			

NATIONAL AGRICULTURAL LIBRARY

Purpose Statement

The National Agricultural Library (NAL) had its mission outlined by the Organic Act of 1862, establishing the Department of Agriculture. The act, as amended, sets forth a mission, "to acquire and to diffuse among the people of the United States useful information on subjects connected with agriculture, rural development, aquaculture and human nutrition, in the most comprehensive and general sense of the word," and placed upon the Secretary the responsibility to "Procure and preserve all information concerning agriculture, rural development, aquaculture, and human nutrition, which he can obtain by means of books."

NAL serves as the Nation's chief agricultural information resource. It provides agricultural information products and services through traditional library functions and through modern electronic dissemination to agencies of the USDA, public and private organizations, and individuals. NAL coordinates a national network of public and private libraries consisting of the land-grant colleges and universities, other state supported colleges and universities with agriculturally related programs, other public organizations, industry, and other private sector organizations. The NAL provides a leadership role in U.S. participation in international agricultural library and information systems and in efforts to promote worldwide availability of agricultural information.

NAL has as its ultimate purpose facilitating access to and use of information about agriculture and related sciences by all those who need the information. In addition to providing traditional library services such as bibliographies, reference services and document delivery to agricultural scientists and researchers, NAL is expanding its role and serving a wider audience by using modern information dissemination technology to its fullest. The Library concentrates its thrust towards the agricultural community, which includes Federal, State, and private researchers, administrators, agricultural extension and education personnel, the farmer, the small businessman, public groups at all levels, and the general public.

With approximately 2.1 million volumes of printed material on agriculture and supporting scientific disciplines, NAL has one of the largest collections of its kind in the world. Primarily current, but also historical information is collected and organized for effective utilization by a wide range of users, and is cataloged or indexed in AGRICOLA, the NAL database of 2.7 million citations to agricultural publications. NAL also provides extensive input of U.S. publication records to AGRIS, the cooperative agricultural database of the Food and Agricultural Organization of the United Nations.

The basic operations of NAL are located in the NAL Building at Beltsville, Maryland. Specialized services are provided from a reference center in Washington, D.C. Service is provided from both these locations as well as 18 USDA field libraries and 38 smaller USDA centers containing a total of approximately a quarter of a million volumes.

As of September 30, 1990, NAL employment was 189 permanent full time and 31 other than permanent, of which 185 permanent full time and 26 other than permanent are located in Beltsville, while the rest are located in Washington, D.C.

NATIONAL AGRICULTURAL LIBRARY

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

	1990 Actual		1991 Estimated		1992 Estimated	
	Amount	Years	Amount	Years	Amount	Years
National Agricultural Library.....	\$14,676,000	191	\$16,798,000	173	\$17,453,000	173
<u>Obligations under other USDA</u>						
<u>appropriations:</u>						
Agricultural Research Service:						
Plant Genome Data & Information						
Center.....	---	---	1,000,000	5	1,000,000	5
Computer Room Support.....	9,111	---	20,577	---	20,577	---
Subscriptions Costs.....	6,567	---	6,567	---	6,567	---
Evaluation of Text Digitizing....	40,000	---	---	---	---	---
Current Awareness						
Literature Services.....	476,615	3	560,000	5	560,000	5
Space Costs.....	145,840	---	135,128	---	---	---
NAL/ARS Library Initiatives.....	18,000	---	---	---	---	---
Postage and Mail Service.....	605	---	7,000	---	---	---
Document Delivery.....	60,000	---	---	---	---	---
Coca Bibliographies.....	1,299	---	4,000	---	4,000	---
Agricultural Marketing Service:						
Dun & Bradstreet.....	---	---	772	---	772	---
Space Costs.....	14,175	---	14,813	---	14,813	---
Postage.....	714	---	1,700	---	1,700	---
Current Awareness						
Literature Service.....	2,436	---	3,071	---	3,071	---
Animal and Plant Health						
Inspection Service:						
Current Awareness						
Literature Service.....	24,797	---	27,974	---	27,974	---
Cooperative State Research Service:						
Computer Room Support.....	17,274	---	17,274	---	17,274	---
Support for Aquaculture						
Information Center						
Postage and Mail Service.....	57,562	1	25,000	1	25,000	1
Space.....	3,453	---	5,400	---	5,400	---
National Biological Impact						
Assessment Program.....	19,798	---	20,586	---	20,586	---
Assessment Program.....	5,834	---	4,000	---	4,000	---
Joint Council Reports Staff.....	16,767	---	---	---	---	---
Alternative Farming Information						
Center.....	106,099	2	100,000	2	100,000	2
Extension Service:						
Current Awareness:						
Literature Service.....	12,440	---	13,301	---	13,301	---
Youth 4-H Information Center.....	100,224	2	100,000	2	100,000	2
Farmers Home Administration:						
Detail - J.W. Parsons.....	77,355	1	---	---	---	---
Forest Service:						
Current Awareness						
Literature Service.....	7,839	---	8,500	---	8,500	---
Indexing Service.....	38,191	1	41,000	1	42,640	1
Postage/Fees.....	341	---	425	---	425	---
Food Safety and Inspection Service:						
Current Awareness						
Literature Service.....	3,735	---	5,623	---	5,623	---
Food Irradiation Database.....	4,540	---	4,620	---	4,620	---
Food and Nutrition Service.....						
Lending Services.....	110,000	---	110,000	---	110,000	---
Upgrading Nutrition						
Education Guide.....	523	---	52,946	---	52,946	---

NATIONAL AGRICULTURAL LIBRARY

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

	1990 Actual		1991 Estimated		1992 Estimated	
	Amount	Years	Amount	Years	Amount	Years
Human Nutrition Information Service						
Current Awareness						
Literature Service.....	6,188	---	6,955	---	6,955	---
National Finance Center:						
Dun and Bradstreet.....	---	---	5,412	---	5,412	---
Office of the Inspector General:						
Dun and Bradstreet.....	---	---	7,167	---	7,167	---
Office of International						
Cooperation & Development:						
Travel and Salary Costs of						
Thomas/Andre.....	23,522	---	---	---	---	---
Soil Conservation Service:						
Current Awareness						
Literature Service.....	3,672	---	5,705	---	5,705	---
Miscellaneous Activities.....	---	---	90,984	---	156,472	---
Total Other USDA						
Appropriations.....	1,415,516	10	2,406,500	16	2,331,500	16
Total Agricultural						
Appropriations.....	16,091,516	201	19,709,500	189	19,576,500	189
Other Federal Funds						
Dept. of Commerce, NTIS						
Sale of Photocopies.....	2,361	---	35,000	---	35,000	---
Environmental Protection Agency:						
Bibliographies.....	46,718	1	80,000	1	80,000	1
National Oceanic and						
Atmospheric Administration:						
Aquaculture.....	40,308	---	3,500	---	3,500	---
Health and Human Services:						
Rural Information Health Center..	107,307	1	325,000	2	400,000	2
Other Federal Funds	196,694	2	443,500	3	518,500	3
Total, NAL.....	16,288,210	203	19,648,000	192	20,303,000	192

Full-Time Equivalent Staff-Years:

	1990 Actual	1991 Estimated	1992 Estimated
Ceiling.....	203	192	192
Non-Ceiling.....	10	10	10
Total	213	202	202

UNITED STATES DEPARTMENT OF AGRICULTURE
NATIONAL AGRICULTURAL LIBRARY
PERMANENT POSITIONS BY GRADE AND STAFF-YEAR SUMMARY
1990 and Estimated 1991 and 1992

GRADE	1990 HEADQUARTERS	1991 HEADQUARTERS	1992 HEADQUARTERS
ES-5	1	1	1
GS/GM-15	3	3	3
GS/GM-14	10	9	9
GS/GM-13	13	14	14
GS-12	42	43	43
GS-11	24	24	24
GS-9	9	10	10
GS-8	3	3	3
GS-7	31	31	31
GS-6	30	30	30
GS-5	20	20	20
GS-4	4	4	4
<u>Total, Permanent Positions</u>	190	192	192
<u>Unfilled Positions End of Year</u>	---	---	---
<u>Total Permanent Employees, End of Year</u>	190	192	192
<u>Staff-Years:</u>			
Ceiling	203	192	192
Non-Ceiling	10	10	10
<u>Total, Staff Years.....</u>	213	202	202

NATIONAL AGRICULTURAL LIBRARY

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation			
Headquarters.....	<u>\$6,254,337</u>	<u>\$6,826,774</u>	<u>\$7,190,100</u>
11 Total Personnel Compensation.....	6,254,337	6,826,774	7,190,100
12 Personnel Benefits	1,070,726	1,173,804	1,265,477
13 Benefits for Former Personnel.....	<u>4,652</u>	<u>--</u>	<u>--</u>
Total Pers. Comp. & Benefits.....	<u>7,329,715</u>	<u>8,000,578</u>	<u>8,455,577</u>
Other Objects:			
21 Travel.....	168,542	170,000	180,000
22 Transportation of Things.....	28,408	30,000	34,000
23 Communications, Utilities and Other Rent.....	885,035	900,000	950,000
24 Printing and Reproduction.....	52,190	80,000	90,000
25 Other Services.....	3,506,495	3,683,422	4,048,423
26 Supplies and Materials.....	1,564,059	2,399,000	2,500,000
31 Equipment.....	709,401	850,000	900,000
41 Grants.....	349,300	695,000	295,000
Total Other Objects	<u>7,263,430</u>	<u>8,797,422</u>	<u>8,997,423</u>
Total Direct Obligations	<u>14,593,145</u>	<u>16,798,000</u>	<u>17,453,000</u>
<u>Position Data:</u>			
Average Salary, ES Positions	\$80,983	\$96,200	\$101,300
Average Salary, GS/GM Positions	\$32,225	\$34,513	\$36,963
Average Grade GS/GM Positions	9.2	9.2	9.2

NATIONAL AGRICULTURAL LIBRARY

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

National Agricultural Library

- For necessary expenses of the National Agricultural Library [\$16,798,000] \$17,453,000: Provided, that this appropriation shall be available for employment pursuant to the second sentence of section 706 (a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$35,000 shall be available for employment under 5 U.S.C. 3109: Provided further, that not to exceed
- 1 [\$675,000] \$900,000 shall be available pursuant to 7 U.S.C. 2250 for the alternation and repair of buildings and improvements [: Provided further,
- 2 that \$425,000 shall be available for a grant pursuant to section 1472 of the National Agricultural Research, Extension and Teaching Policy Act of 1977 (7 U.S.C. 3318) in addition to other funds available in this appropriation for grants under this section].

The first change increases the amount available for repair and maintenance to \$900,000. For FY 1992, the amount will be utilized to replace the existing passenger elevators and existing book lift.

The second change deletes language providing funds in FY 1992 to the Leflar School of Law, University of Arkansas, Fayetteville, Arkansas by means of grant.

NATIONAL AGRICULTURAL LIBRARY

Appropriation Act, 1991.....	\$16,798,000
Budget Estimate, 1992.....	<u>17,453,000</u>
Increase in Appropriation.....	<u>+655,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Items of Change</u>	<u>1991 Estimate</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1992 Estimate</u>
Networking.....	\$373,900	-0-	+\$200,000	\$573,900
Facility Improvements.....	296,000	-0-	+604,000	900,000
Leflar School of Law.....	425,000	-0-	-425,000	-0-
All Other.....	<u>15,703,100</u>	<u>+\$276,000</u>	<u>-0-</u>	<u>15,979,100</u>
	<u>\$16,798,000</u>	<u>+276,000</u>	<u>+379,000</u>	<u>17,453,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)

	<u>1990 Actual</u>		<u>1991 Estimated</u>		<u>Increase</u>	<u>1992 Estimated</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>		<u>Amount</u>	<u>Staff Years</u>
1. Agricultural Library Services for Research and Education.....	\$14,293,145	203	\$16,502,000	192	+\$51,000 (1)	\$16,553,000	192
2. Repair and Maintenance of Facilities.....	300,000	---	296,000	---	+604,000 (2)	900,000	---
Unobligated Balance.....	82,855	---	---	---	---	---	---
Total Appropriation.....	<u>14,676,000</u>	<u>203</u>	<u>16,798,000</u>	<u>192</u>			

National Agricultural Library

Explanation of Programs

The basic function of the National Agricultural Library (NAL) is to identify, acquire, disseminate, and deliver pertinent food and agriculture information to all scientists, researchers, administrators, and others working in agricultural fields in both the government and private sectors. To meet user needs, NAL is working with libraries at land-grant universities and other institutions to develop a network to enhance access to information. NAL also maintains an extensive collection of agricultural publications and provides access to these publications through AGRICOLA, its master bibliographic database. NAL also provides current awareness and retrospective searches on worldwide agricultural literature through other computer-based systems of interest to agricultural scientists and educators.

One essential NAL program involves advanced information technologies. NAL has intensified its efforts to enhance and expand its information-providing capabilities by testing the exciting possibilities of the new technology, including computer-based video technology, both often coupled with recently developed optical scanning and developing laser technology, and artificial intelligence software. The NAL staff strives to identify and evaluate these advanced technologies to determine their potential for improving agricultural information access and use. As these advanced technologies are applied to specific projects, NAL works to transfer their use to other agricultural organizations, which could benefit from their adoption. Such technologies have great potential for making information more widely available in a more timely way and in greater depth than ever before. By using advanced information technology, NAL will be better able to promote the organization and availability of agricultural information to the national and international agricultural communities.

New technologies and systems of networking that contribute to making it possible for the user to have faster, more sophisticated, and more cost effective access to information is at the forefront of NAL's initiatives.

NAL serves a dual role as the primary literature source for the American agricultural community and as a national authority among libraries and information centers here and abroad. NAL also is cooperating with the National Library of Medicine on sharing collection responsibilities for veterinary science, human nutrition, literature, and biotechnology. In conjunction with CAB International and the Food and Agriculture Organization of the United Nations, NAL has produced a World List of Agricultural Serials, of which a portion has been published under the title International Union List of Serials. Another seminal cooperative effort is the investigation of the feasibility of a unified agricultural thesaurus and gateway, which NAL and others, including CABI, FAO, and the Zentralstell fur Agrardokumentation und Information (ZADI) are pursuing.

In an effort to improve services in particular subject areas, NAL has established specialized information centers to provide enhanced services to current clientele as well as to develop new service relationships with the public and private sectors. The purpose of the centers is to focus activities in the areas of great interest to the Department of Agriculture, the agricultural community throughout the Nation, and the public. NAL is able to take a proactive approach that involves a heavy emphasis on outreach and networking activities. In addition, information center staff concentrate their efforts on strengthening the NAL collection and developing information products. Information centers have a diverse audience including researchers, administrators, educators, consumers, and the private sector to a greater degree. Currently, NAL has information centers on Agricultural Trade and Marketing; Alternative Farming Systems (Low Input/Sustainable Agriculture); Animal Welfare; Aquaculture; Biotechnology; Food and Nutrition; Horticulture; Rural Development; Youth Development; Technology Transfer; and Water Quality.

Justification of Increases

(1) A net increase of \$51,000 consisting of:

- (a) An increase of \$200,000 to further network planning and implementation (\$373,900 available in FY 1991).

Need for change.

Access to agricultural information is crucial to scientific research. The National Agricultural Library is working to stay in the forefront of new technologies and systems of networking that contribute to making it possible for the user to have faster, more sophisticated and more cost-effective access to information. Information services in support of research must be a top priority to keep U.S. agriculture competitive. Networking initiatives at NAL include some of the most advanced and improved information delivery systems and services to the agricultural scientific community.

Many areas of the National Agricultural Library are involved with networking activities in various ways to improve access to information and reduce duplication. NAL and its cooperators engage in projects that explore the potential of networking the retrieval, delivery, storage, and preservation of agricultural information using advanced technologies.

NAL and the Agricultural Research Service (ARS) are involved cooperatively in fully integrating the library system of ARS into a network system to strengthen the accessibility, retrieval, and delivery of information to the ARS scientists, as well as the agricultural scientific community. This networking system is built on the vast collection housed in NAL, as well as the Land-Grant University Library systems, and the research locations.

Nature of change.

NAL will expand and improve the networking systems with 1862 Land-Grant University and 1890 Historically Black College Libraries by building electronic linkages and systems to improve access, retrieval, and delivery of information resources; acquiring compact machine-readable materials that offer enhanced end-user access to information; reducing duplicative processing of materials; increasing resource sharing; improving usefulness and access to database programs; cooperatively working to develop and operate a network system to expedite delivery of information to the user.

Preservation of materials is an area of great concern to all modern libraries. NAL is developing a network system in FY 1992 to share in the implementation of preservation activities through cooperative ventures, investigating specialized practices currently in use, along with techniques recently developed to protect the national agricultural collection at NAL, as well as collections housed in the agricultural university systems.

NAL must continue the pursuit of miniaturizing its vast collection, utilizing advanced technologies. These technologies will be shared through a network system NAL plans to develop with the agricultural library community that will protect and preserve the nation's agricultural collections, and also improve the accessibility, retrieval and delivery of material.

- (b) A total increase of \$276,000 to cover the cost of the 1992 pay raise.
- (c) A decrease of \$425,000 for the Leflar School of Law, University of Arkansas (\$425,000 available in FY 1991).

The amount is not supported for a grant in FY 1992 and is not included for the operation of an Agricultural Law Library in the Leflar School of Law at the University of Arkansas.

- (2) An increase of \$604,000 to finance facility improvements.

Need for change.

Inflation and rising costs over the last 8-9 years have severely eroded NAL's capability to meet the needs for building maintenance. In many instances, NAL has had to redirect funds from library operations to handle the needs for increased maintenance and repairs.

Following the advice of USDA and Congress, NAL contracted in 1990 for a complete facility condition study. We expect the report from that study to be available by the end of summer, 1991. This request is in anticipation of the recommendations for numerous corrections and changes to the NAL facility. The most serious two at this time are the book lift and passenger elevators.

NAL received appropriations of \$200,000 and \$100,000 in FY 1983 and FY 1984 respectively for the Repair and Maintenance of the Library. These funds are being used for routine maintenance and repair to keep the obsolete equipment and systems functioning. Nal has considered the types of improvement, maintenance, and repairs required in the building, the age of the structure, as well as recognizing the increased costs for labor, equipment, and replacement parts over the last decade. NAL is proposing that the level of \$296,000 presently available from the Repair and Maintenance program be increased to a level of \$900,000 for FY 1992 and future years.

Nature of change.

The existing book lift was installed while construction of the building in 1969 was underway. The purpose of the book lift is to rapidly move materials between floors in the 14 story structure.

The equipment has reached a point that continued cost for maintenance and operating, along with down time for repairs exceeds that of the replacement. Specific parts now need replacing, and must be handmade because of the unavailability. The cost for this project is \$450,000 in FY 1992.

The existing passenger elevators are over 20 years old and are approaching the end of their useful life. These elevators provide access to 14 floors by approximately 350 employees located in the NAL building including NAL employees, employees with other agencies, contractors, as well as the users of the Library.

The overall reliability of the controls is slowly lessening, and in general, the elevators are wearing out. Continued replacement of various components and contacts are needed to keep the equipment in operating condition, but the system as a whole is outdated.

The estimated cost includes new operating controls, new handicap code complying signal fixtures, new door operating equipment and a general overhaul of the complete elevator system. This project will also cost \$450,000 in FY 1992.

NATIONAL AGRICULTURAL LIBRARY

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1990 And Estimated 1991 and 1992

	<u>1990</u>		<u>1991</u>		<u>1992</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>
of Columbia...	167,524	4	229,718	6	232,000	6
.....	<u>14,425,621</u>	<u>187</u>	<u>16,568,282</u>	<u>167</u>	<u>17,221,000</u>	<u>167</u>
Available or						
e.....	<u>14,593,145</u>	<u>191</u>	<u>16,798,000</u>	<u>173</u>	<u>17,453,000</u>	<u>173</u>
ed Balance....	82,855	---	---	---	---	---
available or						
e.....	<u>14,676,000</u>	<u>191</u>	<u>16,798,000</u>	<u>173</u>	<u>17,453,000</u>	<u>173</u>

SOIL CONSERVATION SERVICE

Purpose Statement

The Soil Conservation Service (SCS) was established pursuant to Public Law 74-46, known as the Act of April 27, 1935, (16 U.S.C. 590a-590f). Technical programs are carried out in cooperation with conservation districts and other sponsoring local organizations. SCS provides technology transfer through soil conservation districts to landusers, communities, watershed groups, Federal and State agencies, and other cooperators with erosion control and water management problems to bring about needed land treatments and physical adjustments in land use. The purpose is to improve and conserve soil and water resource quantity and quality, improve agriculture, and reduce damage caused by floods and sedimentation.

The Soil Conservation Service has general responsibility for administration of the following programs of the Department of Agriculture:

Conservation Operations is authorized by Public Law 74-46, (16 U.S.C. 590a-590f). Activities include:

1. Conservation technical assistance provided to district cooperators and other landusers in the planning and application of conservation treatments to control erosion and improve the quantity and quality of soil resources, improve and conserve water, enhance fish and wildlife habitat, conserve energy, improve woodland, pasture and range conditions, and reduce upstream flooding; all to protect and enhance the natural resource base.

Information regarding national inventories and appraisals of the resource base are provided to states, districts and other organizations. Technical assistance is provided to monitor and develop effective conservation programs.

2. Soil surveys are made to inventory the Nation's basic soil resources and to determine land capabilities and conservation treatment needs. Soil survey publications include interpretations useful to cooperators, other Federal agencies, State and local organizations.

3. Snow survey and water forecasting from basic data collected to provide estimates of annual water availability from high mountain snow packs and relating this to summer stream flow in the western States and Alaska. Information is used by agriculture, industry, and cities in estimating future water supplies.

4. Operation of plant materials centers to assemble, test, and encourage increased use of plant species which show promise for use in the treatment of conservation problem areas.

River Basin Surveys and Investigations

This program is authorized by the Watershed and Flood Prevention Act, Public Law 83-566, Section 6, August 4, 1954, (16 U.S.C. 1006).

The program involves cooperation with other Federal, State, and local agencies in the conduct of river basin surveys and investigations, flood hazard analysis, and flood plain management assistance to aid in the development of coordinated water resource programs, including the development of guiding principles and procedures. SCS represents the Department on river basin regional entities and River Basin Interagency Committees for coordination among Federal Departments and States.

Watershed Planning

This activity is carried out under the Watershed and Flood Prevention Act, as amended, Public Law 83-566, August 4, 1954, (16 U.S.C. 1001-1008). The program consists of (a) making preliminary investigations to assess proposed small watershed projects in response to requests made by sponsoring local organizations and (b) providing assistance to sponsors in the development of watershed work plans. SCS is responsible for development of guiding principles and procedures.

Watershed and Flood Prevention Operations. Activities under this program include:

1. Watershed Operations authorized by Public Law 78-534

SCS administers watershed works of improvement authorized by the Flood Control Act of 1944 (33 U.S.C. 701b-1).

Flood prevention operations include planning and installing works of improvement for flood prevention and for the conservation, development, utilization, and disposal of water. This may also include the development of recreational facilities and the improvement of fish and wildlife habitat. Activities are authorized in 11 specific flood prevention projects covering about 11 million acres.

2. Emergency operations authorized by Section 216, Public Law 81-516, (33 U.S.C. 701b-1) and Sections 403-405, Public Law 95-334, (16 U.S.C. 2203-2205)

Emergency operations provide for the installation of emergency measures for runoff retardation and soil-erosion prevention, in cooperation with landowners and landusers, as the Secretary deems necessary to safeguard lives and property from floods, drought, and the products of erosion on any watershed whenever fire, flood, or any other natural occurrence is causing or has caused a sudden impairment of that watershed.

3. Small Watersheds authorized by Public Law 83-566, as amended, (16 U.S.C. 1001-1008)

This program provides for cooperation with local sponsors, State, and other public agencies in the installation of planned works of improvement in approved watershed projects. Such works of improvement reduce erosion, floodwater, and sediment damage. They also further the conservation, development utilization, and disposal of water, including the development of multipurpose facilities for such uses as recreation, improvement of fish and wildlife habitat, irrigation, and water supply to municipal and industrial users.

Great Plains Conservation Program

The Great Plains Conservation Program is authorized by Public Law 84-1021, as amended, (16 U.S.C. 590p (b)). The program's objective is to bring about a long-term solution to problems resulting from drought and the cultivation of land unsuited for sustained crop production in the 10 Great Plains States. Activities include:

1. Cost-sharing of permanent conservation practices under long-term contracts with farmers and ranchers in designated counties in the 10 Great Plains States.

2. Cost-share programming and contract administration and technical assistance to help make needed land use adjustments and install conservation measures specified in basic conservation plans in accordance with contract schedules.

Resource Conservation and Development Program

Section 102 of the Food and Agriculture Act of 1962 (Public Law 87-703), (7 U.S.C. 1010-1011) and Sections 1528-1538 of the Agriculture and Food Act of 1981 (Public Law 97-98) provide authority to assist locally sponsored Resource Conservation and Development Projects to conduct programs of land conservation and use in areas where acceleration of present conservation activities are needed and where projects add economic opportunities to the people.

Program Administration: The Soil Conservation Service maintains its central office in Washington, D.C. Most of its activities are carried out in about 3,050 field offices in the 50 States, Puerto Rico, and the Pacific Basin Area serving Guam, the Northern Mariana Islands, and American Samoa. Four technical service centers provide program coordination and technical support. This includes services such as engineering, watershed planning, cartographic work, soil mechanics laboratories, information, professional help in agronomy, soils, biology, forestry, plant materials, range conservation, and other technical work. As of September 30, 1990, there were 12,259 full-time employees and 1,814 part-time, intermittent, and other employees. Of these, 465 full-time employees and 14 other employees were located in Headquarters.

Soil Conservation Service
Available Funds and Staff-Years
1990 and Estimated, 1991 and 1992

ITEM	1990 Actual		1991 Estimated		1992 Estimated	
	Amount 1/	Staff: Years	Amount	Staff: Years	Amount	Staff: Years
Soil Conservation Service:						
Conservation Operations...	\$477,377,000:	9,636:	\$509,510,400:	10,052:	\$588,604,000:	10,720
River Basin Surveys and Investigations.....	12,292,000:	211:	12,783,000:	212:	10,982,000:	175
Watershed Planning.....	8,824,000:	169:	9,176,000:	169:	7,291,000:	128
Watershed and Flood Prevention Operations.....	255,867,000:	1,580:	185,705,000:	1,416:	152,961,000:	1,283
Great Plains Conservation Program.....	20,884,000:	164:	24,637,000:	164:	25,271,000:	167
Resource Conservation and Development.....	27,255,000:	441:	29,900,000:	471:	23,631,000:	412
Total.....	802,499,000:	12,201:	771,711,400:	12,484:	808,740,000:	12,885
Deduct allotments to other agencies:						
FS.....	-4,867,977:	-70:	-4,185,000:	-57:	-3,585,000:	-57
FmHA.....	-310,500:	-9:	-312,500:	-9:	-247,000:	-9
Net.....	797,320,523:	12,122:	767,213,900:	12,418:	804,908,000:	12,819
Obligations under other USDA appropriations:						
Reimbursements for technical services to:						
Agricultural Conservation Program (ASCS).....	8,552,657:	264:	8,918,000:	265:	8,918,000:	265
Experimental Rural Clean Water Program (ASCS)....	879,786:	23:	880,000:	23:	880,000:	23
Water Bank Program (ASCS)	546,594:	16:	608,000:	17:	608,000:	17
Emergency Conservation Program (ASCS).....	646,096:	14:	324,000:	7:	324,000:	7
Conservation Reserve Prog. 2/	16,393,062:	444:	8,824,000:	233:	5,508,000:	142
Wetland Reserve 2/.....	- -:	--:	- -:	--:	31,000,000:	633
Colorado Salinity Program	3,768,638:	84:	5,387,000:	115:	5,387,000:	115
Foreign Details and Assignments (OICD).....	881,152:	20:	1,166,000:	25:	1,158,000:	25
Soil Survey (FS).....	400,614:	9:	420,000:	9:	420,000:	9
Accelerate Soil Surveys..	321,013:	10:	340,000:	10:	340,000:	10
Other: planning and application.....	260,595:	3:	844,000:	3:	844,000:	3
Hazardous Waste Management:	171,851:	--:	209,000:	--:	238,000:	--
Reimbursement for other services for:						
Facilities: Rent, phone, utilities, etc.....	4,414,643:	--:	4,935,000:	--:	4,935,000:	--
Proceeds of sales.....	224,629:	--:	256,000:	--:	235,000:	--
Financial assistance.....	280,642:	--:	52,000:	--:	52,000:	--
Miscellaneous.....	1,619,540:	21:	2,119,000:	21:	2,111,000:	21
Total, Other USDA Appropriations.....	39,361,512:	908:	35,282,000:	728:	62,958,000:	1,270
Total, Agriculture Appropriations.....	836,682,035:	13,030:	802,495,900:	13,146:	867,866,000:	14,089
Obligations under other Federal appropriations:						
Reimbursement for technical services for:						
Soil surveys (Interior)..	1,099,801:	22:	1,160,000:	22:	1,160,000:	22
Accelerate Soil Surveys..	712,654:	20:	950,000:	20:	950,000:	20
Other: planning and application.....	1,577,066:	40:	2,179,000:	40:	2,114,000:	40

Available Funds and Staff-Years 1990 and Estimated, 1991 and 1992 - Continued

ITEM	1990 Actual		1991 Estimated		1992 Estimated	
	Amount	Staff: Years	Amount	Staff: Years	Amount	Staff: Years
Acid rain (EPA).....	43,200:	1:	50,000:	1:	50,000:	1
Snow Survey and Water Forecasting.....	47,403:	2:	55,000:	2:	55,000:	2
Plant Materials Center Operations.....	12,463:	--:	15,000:	--:	15,000:	--
Cooperative surveys (RB).	40,000:	1:	36,000:	1:	36,000:	1
Flood Insurance Studies (HUD).....	215,172:	4:	480,000:	5:	480,000:	5
Reimbursement for other services for:						
Facilities: Rent, phone, utilities, etc.....	9,081:	--:	20,000:	--:	20,000:	--
Proceeds of sales.....	48,496:	--:	79,000:	--:	70,000:	--
Financial assistance.....	719,213:	--:	22,000:	--:	13,000:	--
Miscellaneous.....	2,893,138:	66:	5,006,000:	65:	4,334,000:	65
Allocation from Other Federal Agencies:						
Rural Abandoned Mine Program (DOI-OSM).....	11,988,731:	94:	12,046,195:	85:	3,000,000:	11
Obligations under non-Federal Funds:						
Reimbursement for technical service for:						
Planning and application.	1,625,468:	41:	1,907,000:	42:	1,813,000:	42
Accelerate Soil Surveys..	4,523,132:	119:	7,000,000:	177:	7,000,000:	177
Snow Survey and Water Forecasting.....	55,963:	--:	70,000:	--:	70,000:	--
Plant Materials Centers Operations.....	52,469:	--:	60,000:	--:	60,000:	--
Cooperative River Basin Surveys.....	10,800:	--:	10,000:	--:	10,000:	--
Watershed Planning.....	73,500:	1:	161,000:	1:	161,000:	1
Abandon Mine Reclamation.	8,249:	--:	10,000:	--:	10,000:	--
Reimbursement for other non-federal services for:						
Facilities: Rent, phone, utilities, etc.....	977,741:	--:	1,036,000:	--:	1,036,000:	--
Proceeds of sales.....	425,098:	--:	619,000:	--:	561,000:	--
Financial Assistance.....	6,622,844:	--:	12,040,000:	--:	7,219,000:	--
Miscellaneous.....	3,267,437:	59:	4,456,000:	59:	4,221,000:	59
Trust funds:						
Small Watershed and RC&D projects and soil surveys	1,214,702:	19:	560,000:	12:	560,000:	10
Total Reimbursements and Other Funds.....	77,625,333:	1,397:	85,309,195:	1,260:	97,976,000:	1,726
Total, Soil Conservation Service.....	\$874,945,856:	13,519:	\$852,523,095:	13,678:	\$902,884,000:	14,545

Full-Time Equivalent Staff-Years:	1990 Actual	1991 Estimated	1992 Estimated
Ceiling.....	13,519	13,678	14,545
Non-ceiling.....	226	188	185
Total.....	13,745	13,866	14,730

- 1/ Conservation Operations - Excludes \$2,393 carryover for FY 1990 and \$0 carryover for FY 1991.
Watershed and Flood Prevention Operations - Excludes \$23,138,588 carryover for FY 1990 and \$51,527,301 carryover for FY 1991.
Great Plains Conservation Program - Excludes \$51,443 carryover for FY 1990 and \$117,109 carryover for FY 1991.
Resource Conservation and Development - Excludes \$2,205,200 carryover for FY 1990 and \$2,114,753 carryover for FY 1991.
- 2/ Funding shows amounts actually used or anticipated.

UNITED STATES DEPARTMENT OF AGRICULTURE
SOIL CONSERVATION SERVICE

Permanent Positions by Grade and Staff-Year Summary

1990 and Estimated 1991 and 1992

Grade	1990			1991			1992		
	Head- quarters	Field	Total	Head- quarters	Field	Total	Head- quarters	Field	Total
ES-6.....	1	0	1	1	0	1	1	0	1
ES-5.....	8	0	8	8	0	8	8	0	8
ES-4.....	9	1	10	9	1	10	9	1	10
ES-3.....	3	0	3	3	0	3	3	0	3
ES-2.....	0	2	2	0	2	2	0	2	2
ES-1.....	1	0	1	1	0	1	1	0	1
GS/GM-15.....	51	62	113	51	62	113	51	62	113
GS/GM-14.....	94	146	240	94	146	240	94	148	242
GS/GM-13.....	102	621	723	102	621	723	102	626	728
GS-12.....	32	1,529	1,561	36	1,528	1,564	36	1,633	1,669
GS-11.....	26	3,493	3,519	27	3,501	3,528	27	3,737	3,764
GS-10.....	7	11	18	7	11	18	7	12	19
GS-9.....	13	1,891	1,904	13	1,891	1,904	13	2,019	2,032
GS-8.....	13	298	311	13	298	311	13	319	332
GS-7.....	36	1,745	1,781	36	1,752	1,788	36	1,864	1,900
GS-6.....	33	890	923	33	890	923	33	952	985
GS-5.....	15	889	904	15	889	904	15	950	965
GS-4.....	10	432	442	10	432	442	10	462	472
GS-3.....	4	112	116	4	112	116	4	120	124
GS-2.....	0	30	30	0	30	30	0	32	32
GS-1.....	0	19	19	0	19	19	0	20	20
Other Graded Positions.....	10	0	10	10	0	10	10	0	10
Ungraded Positions:	0	68	68	0	50	50	0	48	48
Total Permanent Positions.....	468	12,239	12,707	473	12,235	12,708	473	13,007	13,480
Unfilled Positions: end-of-year.....	-2	-395	-397	--	--	--	--	--	--
Total, Permanent Employment, end- of-year.....	466	11,844	12,310	473	12,235	12,708	473	13,007	13,480
Staff-Years:									
Ceiling.....	482	13,037	13,519	491	13,187	13,678	491	14,054	14,545
Non-Ceiling 2/..	7	219	226	7	181	188	7	178	185
TOTAL.....	489	13,256	13,745	498	13,368	13,866	498	14,232	14,730

1/ Includes positions for Rural Abandoned Mine Program.

2/ Includes staff-years for stay-in-school positions.

SOIL CONSERVATION SERVICE

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>
<u>Personnel Compensation</u>			
Headquarters	\$20,819,209	\$21,838,000	\$22,881,000
Field	356,028,200	372,880,000	406,095,000
11 Total personnel compensation.....	376,847,409	394,718,000	428,976,000
12 Personnel benefits.....	81,044,854	87,025,000	96,616,000
13 Benefits for former personnel.....	460,772	486,000	508,000
Total personnel compensation & benefits	<u>458,353,035</u>	<u>482,229,000</u>	<u>526,100,000</u>
 Other Objects			
21 Travel.....	17,712,154	18,225,000	19,541,000
22 Transportation of things.....	5,001,210	5,306,000	5,748,000
23.2 Rental payments to others.....	13,852,827	12,133,000	13,241,000
23.3 Communications, utilities and miscellaneous charges.....	15,383,657	18,996,000	20,530,000
24 Printing and reproduction.....	4,714,153	4,963,000	5,339,000
25 Other services.....	49,043,157	51,366,000	58,823,000
Construction contracts.....	101,093,666	119,468,000	54,130,000
26 Supplies and materials.....	18,239,593	17,758,000	16,274,000
31 Equipment.....	30,973,458	29,044,000	45,181,000
32 Land and structures.....	842,241	891,000	930,000
41 Grants, subsidies, and contributions	53,142,555	60,460,000	38,481,000
42 Insurance claims and indemnities....	116,255	125,000	133,000
43 Interest and dividends.....	15,812	9,000	10,000
Total other objects.....	<u>310,130,738</u>	<u>338,744,000</u>	<u>278,361,000</u>
Total direct obligations.....	<u>\$768,483,773</u>	<u>\$820,973,000</u>	<u>\$804,461,000</u>

Position Data

Average Salary, ES positions	\$79,250	\$100,216	\$105,226
Average Salary, GM/GS positions	\$32,091	\$33,407	\$35,077
Average Grade, GM/GS positions	9.45	9.24	9.22

UNITED STATES DEPARTMENT OF AGRICULTURE
Soil Conservation Service

Personnel Summary
FY 1990 Actual

	<u>Agency</u> <u>1/</u>	<u>Full-Time</u>	<u>Other</u> <u>2/</u>	<u>Overtime & Holidays Worked</u>	<u>Total Staff Years</u>
Conservation Operations	SCS	8,940	809	24	9,773
River Basin Surveys and Investigations.....	SCS	196	6	--	202
	FS	9	2	--	11
	<u>Subtotal</u>	<u>205</u>	<u>8</u>	<u>--</u>	<u>213</u>
Watershed Planning.....	SCS	159	9	--	168
	FS	3	--	--	3
	<u>Subtotal</u>	<u>162</u>	<u>9</u>	<u>--</u>	<u>171</u>
Watershed and Flood Prevention Operations	SCS	1,441	94	60	1,595
	FmHA	7	--	--	7
	FS	43	10	--	53
	<u>Subtotal</u>	<u>1,491</u>	<u>104</u>	<u>60</u>	<u>1,655</u>
Great Plains Conserva- tion Program.....	SCS	158	8	--	166
Resource Conservation and Development.....	SCS	388	53	--	441
	FmHA	2	--	--	2
	FS	3	--	--	3
	<u>Subtotal</u>	<u>393</u>	<u>53</u>	<u>--</u>	<u>446</u>
Total Direct Program...	SCS	11,282	979	84	12,345
	FmHA	9	--	--	9
	FS	58	12	--	70
	<u>Subtotal</u>	<u>11,349</u>	<u>991</u>	<u>84</u>	<u>12,424</u>
Reimbursable Programs..	SCS	1,120	164	--	1,284
Miscellaneous Contri- buted Funds.....	SCS	13	6	--	19
Allocation from DOI (Abandoned Mine).....	SCS	93	2	2	97
Total Program.....	SCS	12,508	1,151	86	13,745
	FmHA	9	--	--	9
	FS	58	12	--	70
	<u>Total</u>	<u>12,575</u>	<u>1,163</u>	<u>86</u>	<u>13,824</u>

1/ SCS: Soil Conservation Service

FS: Forest Service

FmHA: Farmers Home Administration

2/ Includes non-ceiling staff-years for the stay-in-school program.

UNITED STATES DEPARTMENT OF AGRICULTURE
SOIL CONSERVATION SERVICE

Personnel Summary by Organization Level
FY 1990

	<u>Average GS & GM Salary 1/</u>	<u>Average GS & GM Grade 1/</u>	<u>Average Salary - Ungraded 1/</u>	<u>Total Staff- Years 2/</u>
Washington Headquarters.....	\$43,611	11.33	N/A	489
Technical Service Centers.....	\$40,559	10.90	\$27,352	495
Other National Units.....	N/A	N/A	N/A	133
State Offices.....	\$31,218	9.29	\$24,232	1,487
State Technical Specialists....	N/A	N/A	N/A	703
Plant Materials Centers.....	N/A	N/A	N/A	132
Miscellaneous State Units.....	N/A	N/A	N/A	617
Area Office Staffs.....	N/A	N/A	N/A	1,526
Miscellaneous Area Units.....	N/A	N/A	N/A	1,202
Field Office Staffs.....	N/A	N/A	N/A	6,961
Subtotal, SCS Direct, Reim- bursable and Miscellaneous Contributed Funds.....	\$32,091	9.45	\$25,792	13,745
Allocations to Other Agencies:				
Farmers Home Administration..			--	9
Forest Service.....			--	70
Subtotal, Allocations.....			--	79
Total.....	N/A	N/A	N/A	13,824

1/ This is not figured below the State Office level.

2/ Includes 226 nonceiling staff years.

SOIL CONSERVATION SERVICE

(SCS Only)
Salaries and Expenses
FY 1990 Actual
(Dollars in Thousands)

	Total Obligations	Conservation Operations	River Basin Surveys and Investi- gations	Watershed Planning	Watershed and Flood Prevention Operations	Great Plains Conservation Program	Resource Conservation and Development
Management and Program Direction:							
Washington Headquarters.....	\$30,364	\$23,932	\$507	\$349	\$4,374	\$165	\$1,037
State Offices.....	72,991	53,561	1,907	1,449	11,960	915	3,199
Technical Service Centers.....	3,843	3,218	59	37	515	3	11
SUBTOTAL.....	107,198	80,711	2,473	1,835	16,849	1,083	4,247
%.....	17.56	16.92	21.69	21.43	20.28	13.60	18.99
Technical Support:							
State Technical Specialists.....	35,989	26,336	1,875	1,131	5,874	279	494
Technical Service Centers.....	10,120	8,180	142	558	954	130	156
Other National Units.....	252	252	--	--	--	--	--
SUBTOTAL.....	46,361	34,768	2,017	1,689	6,828	409	650
%.....	7.60	7.29	17.70	19.73	8.22	5.13	2.91
Program Operations:							
Technical Service Centers.....	18,526	13,443	412	514	3,944	51	162
Plant Materials Centers.....	6,651	6,573	--	--	78	--	--
Other National Units.....	24,393	19,555	403	126	3,610	368	331
Miscellaneous State Units.....	29,139	8,277	4,467	4,037	10,860	--	1,498
Area Office Staffs.....	68,760	56,688	449	75	8,779	898	1,871
Miscellaneous Area Units.....	49,115	26,262	109	8	11,518	3	11,215
Field Office Staffs.....	260,265	230,747	1,068	278	20,628	5,153	2,391
SUBTOTAL.....	456,849	361,545	6,908	5,038	59,417	6,473	17,468
%.....	74.84	75.79	60.61	58.84	71.50	81.27	78.10
TOTAL.....	\$610,408	\$477,024	\$11,398	\$8,562	\$83,094	\$7,965	\$22,365
%.....	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Organizational Summary:						
	Total Obligations	Conservation Operations	River Basin Surveys and Investi- gations	Watershed Planning	Watershed and Flood Prevention Operations	Great Plains Conservation Program
Washington Headquarters.....	\$30,364	\$23,932	\$507	\$349	\$4,374	\$165
State Offices.....	72,991	53,561	1,907	1,449	11,960	915
State Technical Specialists....	35,989	26,336	1,875	1,131	5,874	279
Technical Service Centers.....	32,489	24,841	613	1,109	5,413	184
Plant Materials Centers.....	6,651	6,573	--	--	78	--
Other National Units.....	24,645	19,807	403	126	3,610	368
Miscellaneous State Units.....	29,139	8,277	4,467	4,037	10,860	--
Area Office Staffs.....	68,760	56,688	449	75	8,779	898
Miscellaneous Area Units.....	49,115	26,262	109	8	11,518	3
Field Office Staffs.....	260,265	230,747	1,068	278	20,628	5,153
TOTAL SCS.....	610,408	477,024	11,398	8,562	83,094	7,965
Cost-Share/Construction.....	158,076	--	--	--	141,023	12,853
TOTAL SCS OBLIGATIONS NET...	768,484	477,024	11,398	8,562	224,117	20,818
FmHA.....	310	--	--	--	251	--
FS.....	4,868	--	819	217	3,110	--
Subtotal.....	5,178	--	819	217	3,361	--
TOTAL OBLIGATIONS, NET OF REIMBURSEMENTS.....	\$773,662	\$477,024	\$12,217	\$8,779	\$227,478	\$20,818
						\$27,346

SOIL CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Conservation Operations

- For necessary expenses for carrying out the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-590f) including preparation of conservation plans and establishment of measures to conserve soil and water (including farm irrigation and land drainage and such special measures for soil and water management as may be necessary to prevent floods and the siltation of reservoirs and to control agricultural related pollutants); operation of conservation plant materials centers; classification and mapping of soil; dissemination of information; acquisition of lands by donation, exchange, or purchase at a nominal cost not to exceed \$100; purchase and erection or alteration or improvement of permanent and temporary buildings; and operation and maintenance of aircraft, [\$509,056,000] \$588,604,000; of which not less than [\$5,563,000] \$5,713,000 is for snow survey and water forecasting and not less than [\$7,873,000] \$8,064,000 is for operation and establishment of the plant materials centers: Provided, [That of the foregoing amounts not less than \$370,000,000 is for personnel compensation and benefits: Provided further,] That except for \$2,399,000 for improvements of the plant materials centers, the cost of any permanent building purchased, erected, or as improved, exclusive of the cost of constructing a water supply or sanitary system and connecting the same to any such building and with the exception of buildings acquired in conjunction with land being purchased for other purposes, shall not exceed \$10,000, except for one building to be constructed at a cost not to exceed \$100,000 and eight buildings to be constructed or improved at a cost not to exceed \$50,000 per building and except that alterations or improvements to other existing permanent buildings costing \$5,000 or more may be made in any fiscal year in an amount not to exceed \$2,000 per building: Provided further, That when buildings or other structures are erected on non-Federal land that right to use such land is obtained as provided in 7 U.S.C. 2250a: Provided further, That no part of this appropriation may be expended for soil and water conservation operations under the Act of April 27, 1935 (16 U.S.C. 590a-590f) in demonstration projects: Provided further, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225) and not to exceed \$25,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That qualified local engineers may be temporarily employed at per diem rates to perform the technical planning work of the Service (16 U.S.C. 590e-2) [: Provided further, That none of the funds in this Act shall be used for the purpose of consolidating equipment, personnel, or services of the Soil Conservation Service's national technical centers in Portland, Oregon; Lincoln, Nebraska; Chester, Pennsylvania; and Fort Worth, Texas into a single national technical center].

The first change in language proposes deletion of the language establishing a floor on the amount of funds available for personnel compensation and benefits. This limitation severely limits managerial flexibility in maintaining the proper balance between staffing needs and other support items such as travel, training and equipment that are required for effective delivery of program services to farmers, ranchers and others who participate in conservation programs. Implementation of the conservation provisions of the Food Security Act of 1985 is having a major impact on SCS field offices as additional demands are made to provide technical assistance and soil survey data. Maximum flexibility is needed to ensure that all available resources can be used to meet these needs in a timely manner. The limitation also adds unnecessarily to administrative overhead costs because of the need to maintain additional accounting and managerial controls.

The second change proposes deletion of language prohibiting the use of appropriated funds for consolidating the four existing SCS technical centers into one center. This language is no longer required because SCS plans to continue operating all four technical centers.

Conservation Operations

Appropriations Act, 1991.....	\$509,056,000
Budget Estimate, 1992.....	588,604,000
Increase in Appropriation.....	<u>+79,548,000</u>

Adjustments in 1991:

Appropriations Act, 1991.....	\$509,056,000
Transfer from the Departmental Rental Payments	
Account for non-GSA buildings a/.....	<u>+454,400</u>
Adjusted base for 1991.....	\$509,510,400
Budget Estimate, 1992.....	588,604,000
Increase over adjusted 1991.....	<u>+79,093,600</u>

a/ Funds were transferred in 1990 from the Rental Payments (USDA) account for leases
Reassigned by GSA to SCS in 1990 and 1991.

SUMMARY OF INCREASES
(on basis of adjusted appropriation)

Item of Change	1991 Estimated	Pay Cost	Program Changes	1992 Estimated
Technical assistance.....	\$426,262,400	+\$26,010,600	+\$50,000,000	\$502,273,000
Soil survey.....	69,812,000	+2,742,000	--	72,554,000
Snow survey and water forecasting.	5,563,000	+150,000	--	5,713,000
Operation of plant materials ctrs.	7,873,000	+191,000	--	8,064,000
TOTAL AVAILABLE.....	<u>\$509,510,400</u>	<u>+\$29,093,600</u>	<u>+\$50,000,000</u>	<u>\$588,604,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1990		1991 estimated		Increase	1992 estimated	
	Amount	:Staff: :Years:	Amount	:Staff: :Years:		Amount	:Staff: :Years:
1. Technical assistance.....	\$396,693,982	:8,189:	\$426,262,400	:8,605:	+\$76,010,600(1)	\$502,273,000	:9,273:
2. Soil surveys.....	68,075,000	:1,238:	69,812,000	:1,238:	+2,742,000(2)	72,554,000	:1,238:
3. Snow survey and water forecasting.....	5,447,000	:80:	5,563,000	:80:	+150,000(3)	5,713,000	:80:
4. Operation of plant materials centers	7,161,000	:129:	7,873,000	:129:	+191,000(4)	8,064,000	:129:
Total available estimate.....	477,376,982	:9,636:	509,510,400	:10,052:	+\$79,093,600	\$588,604,000	:10,720:
Transfer from Rental	-427,982	--:	-454,400	--:			
Total, appropriation	<u>\$476,949,000</u>	<u>:9,636:</u>	<u>\$509,056,000</u>	<u>:10,052:</u>			

PROJECT STATEMENT
(On basis of available funds)

Project	1990		1991 estimated		Increase or Decrease	1992 estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Direct obligations:							
1. Technical assistance.....	\$396,464,696:	8,189:	\$426,262,400:	8,605:	+\$76,010,600:	\$502,273,000:	9,273
2. Soil surveys.....	67,964,261:	1,238:	69,812,000:	1,238:	+2,742,000:	72,554,000:	1,238
3. Snow survey and water forecasting	5,441,527:	80:	5,563,000:	80:	+150,000:	5,713,000:	80
4. Operation of plant materials centers	7,153,220:	129:	7,873,000:	129:	+191,000:	8,064,000:	129
Total direct obligations.....	477,023,704:	9,636:	509,510,400:	10,052:	+79,093,600:	588,604,000:	10,720
Unobligated balance brought forward.....	(-2,393)	--:	--:	--:	--:	--:	--
Unobligated balance carried forward.....	--:	--:	--:	--:	--:	--:	--
Unobligated balance lapsing.....	(355,671)	--:	--:	--:	--:	--:	--
Adjusted appropriation.....	(477,376,982)	(9,636)	(509,510,400)	(10,052)	(+79,093,600)	(588,604,000)	(10,720)
Reimbursable obligations:							
1. Technical assistance.....	46,794,898:	1,026:	44,306,000:	846:	+27,684,000:	71,990,000:	1,388
2. Soil surveys.....	7,794,671:	197:	10,986,000:	255:	--:	10,986,000:	255
3. Snow survey and water forecasting	301,683:	4:	334,000:	4:	--:	334,000:	4
4. Operation of plant materials centers	489,783:	7:	598,000:	7:	--:	598,000:	7
Total, reimbursable obligations.....	55,381,035:	1,234:	56,224,000:	1,112:	+27,684,000:	83,908,000:	1,654
Obligational authority.....	\$532,404,739:	10,870:	\$565,734,400:	11,164:	+\$106,777,600:	\$672,512,000:	12,374

SOURCES OF REIMBURSEMENTS

Project	1990		1991 estimated		Increase or Decrease	1992 estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Within USDA:							
Agricultural Stabilization & Conservation Service.....	\$30,786,833:	845:	\$24,941,000:	660:	+\$27,684,000:	\$52,625,000:	1,202
Office of International Cooperation & Development.....	730,284:	17:	1,000,000:	22:	--:	1,000,000:	22
Other.....	7,452,009:	45:	8,903,000:	45:	--:	8,903,000:	45
Other Federal.....	6,285,768:	122:	7,701,000:	122:	--:	7,701,000:	122
Non-Federal:							
State & Counties for soil surveys.....	4,523,132:	119:	7,000,000:	177:	--:	7,000,000:	177
Other.....	5,603,009:	86:	6,679,000:	86:	--:	6,679,000:	86
Total reimbursements..	\$55,381,035:	1,234:	\$56,224,000:	1,112:	+\$27,684,000:	\$83,908,000:	1,654

OUTLAYS

Project	1990	1991	Increase or Decrease	1992
	Actual	Estimated		Estimated
1. Technical assistance.....	\$409,871,646	\$419,050,000	+\$72,289,000	\$491,339,000
2. Soil Surveys.....	70,262,559	68,935,000	+2,941,000	71,876,000
3. Snow survey and water forecasting.....	5,625,541	5,496,000	+172,000	5,668,000
4. Operation of plant materials centers.....	7,395,114	7,723,000	+270,000	7,993,000
Total outlays.....	\$493,154,860	\$501,204,000	+\$75,672,000	\$576,876,000

EXPLANATION OF PROGRAM

The appropriation "Conservation Operations," funds four Soil Conservation Service activities authorized by the Act of April 27, 1935, (16 U.S.C. 590-590f); and the Soil and Water Resources Conservation Act of 1977, (16 U.S.C. 2001-2009). These activities are designed to reduce erosion, solve soil and water management problems, bring about physical adjustments in land use, improve agriculture, and reduce damage caused by floods and sedimentation. Activities include:

1. Technical assistance - The Soil Conservation Service provides technical assistance to 2,941 conservation districts. These districts, formed under State enabling legislation and locally controlled, have within their boundaries about 99 percent of the farms and ranches in the Nation. Through these conservation districts, the Soil Conservation Service provides technical help to more than 1.8 million district cooperators, who are primarily farmers and ranchers, having land use and conservation problems. More than 1 million district cooperators receive help on an annual basis. Over 18,000 State and local units of government were assisted with problems of land use, conservation, or building and water resource developments during FY 1990.

Conservation plans developed by landusers consist of their decisions to achieve conservation objectives, and contain soil and capability maps and other basic resource data interpreted for alternative uses and treatment.

Installation services are provided to cooperating land users to help them apply planned conservation systems. These services include site investigation, designs and specifications, construction plans, and layout of practices.

Technical assistance is currently being provided to implement the highly erodible land, wetland, and Conservation Reserve Program (CRP) provisions of the 1985 Food Security Act as amended by the Food, Agriculture, Conservation and Trade Act of 1990. SCS field technicians make the highly erodible land and wetland determinations and assist landusers in the preparation of conservation plans and application of practices needed to ensure compliance with the law. Producers had until December 31, 1989, to have an approved conservation plan developed on all highly erodible cropland in order to retain their eligibility for USDA farm program benefits. The approved conservation measures must then be installed by December 31, 1994. As of October 1990, 2.5 million highly erodible land determinations and 1.5 million wetland determinations had been made; conservation plans were completed for 134.7 million acres and conservation systems were applied on 48.8 million acres. After the ninth program sign up, the CRP has 33.9 million acres enrolled in 333,395, 10-year contracts which reduce erosion by 656 million tons annually (20 tons per acre).

Technical services are also provided to individuals and groups participating in the Agricultural Conservation Program (ACP) for site selection, layout, or establishment of specified conservation practices; and to those farmers who enter into contracts under the CRP. Although no new contracts for the CRP were signed in FY 1990, technical assistance for CRP was provided to complete and/or modify conservation plans and to implement the plans under contracts signed in prior years. It is estimated that technical assistance was provided for the ACP on approximately 88,073 farms and 3.8 million acres.

This item also funds the inventory and monitoring, resource appraisal and program development activities of the Soil Conservation Service. Natural and related resource data, other than soil survey data, are collected and interpreted for National assessments, and provided to users for resource programming and planning decisions. In addition, special resource inventories are made of wind erosion conditions in the Great Plains, and for identification of important farmlands and areas with critical erosion rates. Nationwide appraisals of soil, water, and related resources are conducted on a periodic basis and future long-range conservation programs are developed to help USDA, soil and water conservation districts, and other Federal, State and local agencies identify the highest priority problems and the present and likely future demands on the soil, water, and related resources of the Nation.

Overall accomplishments under the Conservation Technical Assistance program are as follows:

	FY 1990 <u>Actual</u>	FY 1991 <u>Estimate</u>	FY 1992 <u>Estimate</u>
Decisionmakers receiving technical services (000's).....	1,800	1,300	1,425
Acres treated through conservation technical assistance (000's).....	60,727	63,000	69,000
Tons of soil erosion reduced (000's).	238,800	240,000	262,850

2. Soil surveys - Special investigations and interpretations are made to determine the kinds of soil, potential alternative uses, and their needs for full use and conservation. Each soil survey includes field mapping and necessary correlation, interpretation, investigations, and laboratory work. These surveys are conducted cooperatively with other Federal agencies, land grant universities, other State agencies, and local units of government. The published soil survey for a county or designated area includes maps and interpretations with explanatory information that is the foundation of resource planning and decision making for Federal, State, county, and local community programs. Special reports are prepared and released as needed for local uses. Current program emphasis is being placed on project mapping and soils interpretation assistance to private individuals and other Federal, State and local decision makers who received a diminished level of technical assistance during the acceleration of mapping on Food Security Act impacted land where soil survey information was not available. Emphasis is also being placed on designing mapping units and providing interpretations that will address water quality assessments and the wetland and highly erodible land provisions of the Food Security Act.

Actual and projected accomplishments for the soil survey program are as follows:

	FY 1990 <u>Actual</u>	FY 1991 <u>Estimate</u>	FY 1992 <u>Estimate</u>
Acres mapped annually by SCS (millions).....	31.8	31.0	31.0
Soil surveys ready for publication (number).	130	60	60

3. Snow survey and water forecasting - Snow survey and water forecasting provides a valuable service to irrigators and others who rely upon snow data and water supply forecasts in planning annual operations. More than 10,000,000 acres of irrigated land in the Western States and Alaska are served by water supply forecasts. Although water supply forecasts are geared primarily to the needs of rural farm and ranch operators, they are used extensively by a wide variety of water management groups that have responsibility for flood control, recreation, fish and wildlife, power generation, municipal and industrial water supply, and water quality management.
4. Operation of plant materials centers - Plant materials centers are operated for testing, selection, and providing for the commercial production of plants for erosion control, water quality, special conservation purposes, and adaptation to unusual soil and site conditions. The work at the 26 centers includes cooperation with State and Federal agencies, commercial businesses, and seed and nursery associations to encourage release, production, and use of new or uncommon plant materials needed in soil and water conservation programs. Over 200 new conservation plant varieties from this program are in large scale use in combating the many problems encountered in a total program of soil, water, and related resource conservation. Twelve new conservation plants were released for conservation purposes during FY 1990.

OIG Reports

10610-7-AT	4 - 90	State Level Implementation of Field Office Communication and Automation System.
10099-1-AT	In Progress	Survey of the Rural Abandoned Mine program.
10099-10-KC	In Progress	Implementation of Farm Conservation Compliance under the FSA of 1985.

GAO Reports

IMTEC-90-74FS	8-15-90	Survey of Geographic Information Systems.
RCED-91-10	11-21-90	Nonpoint Source Pollution.
160052	In Progress	Examination of Funding for Federal Activities in the Chesapeake Bay Area.
AFMD-7108	In Progress	USDA Financial Statements for 1988.
IMTEC-0602	In Progress	Survey of Natural Resource Management Agencies Use of Remotely Sensed Data.
RCED-2965	In Progress	Farm Conservation Compliance under FSA of 1985.
RCED-90-128	In Progress	Evaluation of USDA Management - Phase II.
RCED-140325	In Progress	Evaluation of Abandoned Mine Land Fund Management.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net increase in appropriation (and in available funds) of \$76,010,600 for technical assistance consisting of:

(a) An increase of \$50,000,000 in technical assistance to support implementation of the conservation provisions of the Food Security Act of 1985 and the amendment in the Food, Agriculture, Conservation and Trade Act of 1990. (\$426,262,400 available for these activities in 1991).

Need for Change. The Soil Conservation Service (SCS) provides technical assistance to agricultural producers to help ensure compliance with the conservation provisions of the Food Security Act of 1985 (FSA) and the Food, Agriculture, Conservation and Trade Act of 1990 (FACT). Specific technical assistance responsibilities include:

- Making technical determinations of highly erodible lands (HEL) and wetlands, and resolving appeals related to these determinations;
- Developing, in cooperation with the producer, conservation compliance plans on highly erodible cropland;
- Determining eligibility and assisting with the planning and implementation of conservation practices on highly erodible and other environmentally sensitive land included under Conservation Reserve Program contracts;
- Determining eligibility and assisting with the development and implementation of wetland restoration plans under the Wetland Reserve Program;
- Providing technical assistance to producers to apply the practices included in conservation plans on HEL; and
- Certifying compliance with the HEL and wetland provisions of the law for the purpose of determining eligibility for continued participation in USDA farm programs.

HEL and/or wetland determinations were made on approximately 2.6 million U.S. farms between 1986 and 1990. As of December 31, 1989, conservation plans had been developed for over 1.2 million landowners covering about 134.7 million acres of highly erodible cropland. Approximately 39 percent of the plans had all the required conservation practices installed as of October 1, 1990. Adequate conservation systems must be installed on the remaining 85 million acres by December 31, 1994. Conservation plans currently include an estimated 205 thousand miles of terraces and 1.3 million acres of grassed waterways, as well as other engineering and agronomic practices needed to achieve substantial reductions in erosion rates. Acres under conservation tillage are expected to increase by a minimum of 46 million acres, a 63 percent increase over current levels, when all the plans are installed.

The technical assistance workload related to implementing the requirements of the law is considerable. In at least 25 states, the estimated workload significantly exceeds the available staff, and several states would have to allocate over 80 percent of existing staff resources to this work. Every available means is being employed to meet this workload as effectively and efficiently as possible. Assistance is being provided to groups of producers rather than on an individual basis wherever possible. Volunteers and conservation district employees are providing assistance. Automation is being utilized, where available, to save time spent on supporting technical and administrative tasks such as plan development, scheduling, case file documentation, data sharing with other USDA agencies involved, and progress reporting. In some areas of the country, trained conservation contractors are helping producers install the required conservation practices with minimal SCS on-site assistance. These, and other measures, are being used to increase the quality of assistance and the productivity of SCS field employees. There is still a need, however, to increase the level of direct technical assistance available to producers for implementing their compliance plans before the December 31, 1994, deadline. Without the additional funds requested for 1992, the level of SCS assistance available in many key areas of the country would be extremely minimal compared to the assistance that is needed to complete the scheduled implementation of the approved conservation compliance plans.

Nature of Change. The additional \$50,000,000 would be used to increase SCS field office employment levels by about 668 staff years, and to purchase computer hardware and off-the-shelf software to support FSA/FACT conservation work in high priority areas. Increases in staffing levels would be directed to those areas with the heaviest concentration of work related to implementing conservation compliance plans, and where there are serious shortages of field office staff available to do the work. This increase would support the implementation of conservation plans on about 6 million acres annually.

An estimated \$15 million would be used to purchase computer hardware and the off-the-shelf software to support the FSA/FACT conservation work in high priority areas. The goal is to provide computers to those SCS field offices that do not have adequate computer support. The availability of adequate automated data processing capability is essential to permit data sharing with other USDA agencies in the tracking and monitoring of Farm Bill compliance. It is critical to ensure the necessary coordination to support the certification process, and to achieve the levels of increased productivity assumed in the SCS workload projections.

- (b) A total increase of \$26,010,600 for pay costs which consists of \$10,404,200 for the annulization of the 1991 pay raise, and \$15,606,400 for the 1992 pay raise.
- (2) A total increase of \$2,742,000 for soil survey pay costs which consists of \$1,096,800 for the annulization of the 1991 pay raise and \$1,645,200 for the 1992 pay raise.
- (3) A total increase of \$150,000 for snow survey and water forecasting pay costs which consists of \$60,000 for the annulization of the 1991 pay raise and \$90,000 for the 1992 pay raise.
- (4) A total increase of \$191,000 for operation of Plant Materials Centers pay costs which consists of \$76,400 for the annulization of the 1991 pay raise and \$114,600 for the 1992 pay raise.

Soil Conservation Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1990 AND estimated 1991 and 1992
CONSERVATION OPERATIONS

	1990		1991		1992	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA	\$8,921,041	169	\$9,409,346	179	\$11,016,446	199
ALASKA	2,043,181	34	1,930,938	34	2,023,238	34
ARIZONA	4,792,751	100	4,950,018	103	5,229,518	103
ARKANSAS	9,145,171	188	9,748,107	196	10,984,007	196
CALIFORNIA	12,616,901	242	13,079,258	248	14,063,358	248
COLORADO	10,776,048	233	11,722,777	244	13,307,677	252
CONNECTICUT	1,685,178	32	1,733,841	35	1,838,841	35
DELAWARE	931,626	22	1,095,328	24	1,160,428	24
FLORIDA	6,887,254	152	7,212,532	158	8,107,332	158
GEORGIA	9,982,950	217	10,818,798	226	12,512,998	230
HAWAII	2,521,525	47	2,696,744	50	2,832,444	50
IDAHO	7,982,181	164	8,692,815	172	9,169,615	172
ILLINOIS	12,922,689	275	13,521,701	295	17,518,201	348
INDIANA	10,560,252	239	10,967,647	250	13,430,747	276
IOWA	16,963,994	421	18,507,648	461	24,706,048	551
KANSAS	14,792,600	384	16,307,754	401	19,820,454	445
KENTUCKY	11,222,587	262	11,596,922	281	15,813,922	332
LOUISIANA	7,337,477	160	7,853,098	160	8,825,298	160
MAINE	2,693,618	57	2,673,133	57	2,910,833	57
MARYLAND	4,783,547	86	4,810,408	97	5,208,708	97
MASSACHUSETTS	2,108,290	37	2,174,230	40	2,282,830	40
MICHIGAN	8,801,782	161	9,130,536	169	10,189,236	169
MINNESOTA	11,131,005	225	11,732,426	228	13,302,626	237
MISSISSIPPI	9,524,196	205	9,868,214	211	12,254,414	230
MISSOURI	15,000,595	340	16,233,843	360	20,470,243	411
MONTANA	12,298,013	268	13,682,356	282	16,840,356	325
NEBRASKA	12,822,504	325	13,694,879	334	16,065,579	354
NEVADA	2,907,194	62	3,024,213	62	3,223,513	62
NEW HAMPSHIRE	1,743,147	36	1,849,841	39	1,955,641	39
NEW JERSEY	2,580,739	46	2,775,788	49	2,908,788	49
NEW MEXICO	6,827,937	141	6,866,277	141	7,496,977	141
NEW YORK	7,877,877	170	8,114,868	177	9,009,268	177
NORTH CAROLINA	9,380,407	206	9,577,700	215	12,248,200	243
NORTH DAKOTA	10,747,512	223	11,574,338	232	13,797,638	261
OHIO	9,545,579	197	9,910,302	203	11,593,102	214
OKLAHOMA	10,689,505	239	11,318,727	249	13,940,227	271
OREGON	7,682,959	154	7,772,001	160	8,773,901	168
PENNSYLVANIA	7,702,562	172	7,758,143	187	9,329,943	200
PUERTO RICO	2,613,301	50	2,587,930	50	2,723,630	50
RHODE ISLAND	651,099	10	656,991	10	684,091	10
SOUTH CAROLINA	5,463,599	98	5,701,452	102	6,118,452	105
SOUTH DAKOTA	7,532,003	162	8,705,134	170	9,694,634	180
TENNESSEE	9,743,075	202	10,135,116	213	12,647,316	237
TEXAS	30,135,915	677	31,429,536	698	38,192,736	744
UTAH	5,168,519	104	5,481,771	107	5,938,171	107
VERMONT	2,016,627	37	2,016,758	37	2,117,158	37
VIRGINIA	7,828,839	169	7,966,019	180	8,868,519	180
WASHINGTON	8,562,338	169	9,127,045	178	10,682,945	196
WEST VIRGINIA	4,602,485	102	4,699,540	103	5,352,040	103
WISCONSIN	9,607,000	228	9,987,293	234	12,103,193	252
WYOMING	5,033,713	103	5,244,638	103	5,596,138	103
CHESTER NTC	2,182,069	36	2,375,434	39	2,481,234	39
FORT WORTH NTC	13,356,406	208	13,634,929	214	14,215,729	214
LINCOLN NTC	9,920,912	159	10,342,479	163	10,784,879	163
PORTLAND NTC	5,487,176	63	6,134,656	67	6,316,456	67
PACIFIC BASIN	868,635	12	876,673	12	909,273	12
NATIONAL HDQTRS	37,315,619	356	46,019,511	363	47,014,811	363

Total, Available

or Estimate \$477,023,704 9,636 \$509,510,400 10,052 \$588,604,000 10,720

SOIL CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

River Basin Surveys and Investigations

For necessary expenses to conduct research, investigation, and surveys of watersheds of rivers and other waterways, in accordance with section 6 of the Watershed Protection and Flood Prevention Act approved August 4, 1954, as amended (16 U.S.C. 1006-1009), [~~\$12,783,000~~] \$10,982,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$60,000 shall be available for employment under 5 U.S.C. 3109.

River Basin Surveys and Investigations

Appropriation Act, 1991.....	\$12,783,000
Budget Estimate, 1992.....	10,982,000
Decrease in Appropriation.....	<u>-1,801,000</u>

SUMMARY OF INCREASES AND DECREASES (on basis of appropriation)

Item of Change	1991 Estimated	Pay Cost	Program Changes	1992 Estimated
River Basin Surveys:				
1. USDA cooperative studies.....	\$8,349,000	+\$324,000	-\$1,501,000	\$7,172,000
2. Flood plain management assistance.....	3,250,000	+77,000	-535,000	2,792,000
3. Interagency coordination and program formulation.....	1,184,000	+67,000	-233,000	1,018,000
TOTAL AVAILABLE.....	<u>\$12,783,000</u>	<u>+\$468,000</u>	<u>-\$2,269,000</u>	<u>\$10,982,000</u>

PROJECT STATEMENT (On basis of appropriation)

Project	1990 Amount	1990 Staff: Years	1991 estimated Amount	1991 estimated Staff: Years	Decrease	1992 estimated Amount	1992 estimated Staff: Years
River Basin Surveys:							
1. USDA cooperative studies.....	\$8,028,000	146	\$8,349,000	149	-\$1,177,000	\$7,172,000	123
2. Flood plain mgmt. assistance.....	3,125,000	35	3,250,000	35	-458,000	2,792,000	29
3. Interagency coord and program form...	1,139,000	30	1,184,000	28	-166,000	1,018,000	23
Total available or est	<u>\$12,292,000</u>	<u>211</u>	<u>\$12,783,000</u>	<u>212</u>	<u>-\$1,801,000</u>	<u>\$10,982,000</u>	<u>175</u>

PROJECT STATEMENT (On basis of available funds)

Project	1990 Amount	1990 Staff: Years	1991 estimated Amount	1991 estimated Staff: Years	Increase or Decrease	1992 estimated Amount	1992 estimated Staff: Years
River Basin Surveys:							
1. USDA cooperative studies.....	\$7,979,116	146	\$8,349,000	149	-\$1,177,000	\$7,172,000	123
2. Flood plain mgmt. assistance.....	3,106,045	35	3,250,000	35	-458,000	2,792,000	29
3. Interagency coord. and program form...	1,132,016	30	1,184,000	28	-166,000	1,018,000	23
Total direct oblig....	<u>12,217,177</u>	<u>211</u>	<u>12,783,000</u>	<u>212</u>	<u>-1,801,000</u>	<u>10,982,000</u>	<u>175</u>
Unobligated balance lapsing.....	(+74,823)	(--)	(--)	(--)	(--)	(--)	(--)
Total available or est	<u>(12,292,000)</u>	<u>(211)</u>	<u>(12,783,000)</u>	<u>(212)</u>	<u>(-1,801,000)</u>	<u>(10,982,000)</u>	<u>(175)</u>
Reimbursable oblig....	784,384	16	1,000,000	16	--	1,000,000	16
Obligational authority	<u>\$13,001,561</u>	<u>227</u>	<u>\$13,783,000</u>	<u>228</u>	<u>-\$1,801,000</u>	<u>\$11,982,000</u>	<u>191</u>

SOURCES OF REIMBURSEMENTS

Project	1990 Actual	1991 estimated	Increase or Decrease	1992 estimated
River Basin Surveys:				
USDA cooperative studies.....	\$ 46,070	\$ 42,000	--	\$ 42,000
Flood Insurance Studies.....	215,172	480,000	--	480,000
Other Federal Sources.....	77,817	71,000	--	71,000
Other Non-Federal Sources.....	445,325	407,000	--	407,000
Total reimbursements.....	<u>\$784,384</u>	<u>\$1,000,000</u>	<u>--</u>	<u>\$1,000,000</u>

OUTLAYS

Project	1990 : Actual	1991 : estimated	: Increase or : Decrease	: 1992 : estimated
River Basin Surveys:				
1. USDA Cooperative Studies...	\$7,877,762	\$8,318,000	-\$970,000	\$7,348,000
2. Floodplain management assistance.....	3,066,591	3,238,000	-377,000	2,861,000
3. Interagency coordination and program formulation..	1,117,637	1,180,000	-137,000	1,043,000
Total Outlays.....	<u>\$12,061,990</u>	<u>\$12,736,000</u>	<u>-\$1,484,000</u>	<u>\$11,252,000</u>

EXPLANATION OF PROGRAM

The appropriation "River Basin Surveys and Investigations," funds three activities as authorized by Public Law 83-566, as amended. The Department cooperates with other Federal and State agencies in making surveys and investigations of watersheds of rivers and other waterways. Activities include:

1) USDA Cooperative Studies:

The Department participates in:

- Studies of agricultural and other rural land and water resources within river basins to gather basic data on existing and potential water supplies, present and future land use, current and potential economic development, and existing erosion and sediment problems.
- Studies and investigations are made of agricultural, rural, and upstream water and land resources and problems to determine corrective actions needed and potentials for conservation, use, and development. Evaluations include:
 - Erosion and sediment damage to rural lands and properties,
 - Upstream floodwater damage to rural lands and properties,
 - Maintaining existing drainage of agricultural lands,
 - Agricultural drought problems and potential for water conservation,
 - Agricultural water needs for livestock and domestic use,
 - Forest-based industries,
 - Municipal and industrial water needs.

The planning activity gives consideration to finding alternative combinations of land treatment, structural and nonstructural measures to solve the area's problems, meet the identified needs, and develop the indicated potentials.

2) Floodplain management assistance:

- Is carried out in cooperation with State and local governments,
- Identifies flood hazards on selected floodplain reaches,
- Provides reports which include flood profiles and maps showing areas subject to flooding by select frequency floods,
- Provides information needed by State and local governments to implement land use and floodplain management programs.

3) Interagency Coordination and Program Formulation:

- Provides national policy and program leadership direction to studies of river basins, floodplain management, and Colorado River Salinity activities;
- Provides USDA participation in water policy and program coordination at the National level.
- Provides USDA membership and participation in the activities of three Federal-State Interagency Committees (SEBIAC, PSIAC, AWRBIAC), the Susquehanna and Delaware River Basin Commissions, and other regional entities involved in water and related resource planning and coordination.
- Provides reviews of proposed reports and water projects of other Departments and agencies.

The following tabulation shows the number of surveys and obligations by type of survey for fiscal years 1990, 1991, and 1992.

	1990	1991	1992
1. Surveys in cooperation with State and other Federal agencies:			
a. Surveys in progress, start of year.....	75	67	61
b. Surveys initiated during year.....	15	19	10
c. Surveys worked during year...	90	86	71
d. Surveys completed during year	23	25	23
e. Surveys in progress, end of year.....	67	61	48
Cumulative total surveys initiated.....	376	395	405
Cumulative total surveys completed.....	311	336	359
Total Cost Cooperative Surveys (000's).....	\$7,979	\$8,349	\$7,172
2. Floodplain management assistance program:			
(a) States participating in Flood Plain Mgmt. Studies..	35	30	19
1. Ongoing Studies (SOY).....	79	78	69
2. New Studies.....	29	11	8
3. Completed Studies.....	30	20	13
4. Ongoing Studies (EOY).....	78	69	64
5. Cumulative total completed..	508	528	541
Total Cost Flood Plain Management Studies (000's).....	\$3,106	\$3,250	\$2,792
(b) Reimbursable Flood Insurance Studies (non-add) (000's)...	(\$215)	(\$480)	(\$480)
1. Ongoing Studies (SOY).....	8	5	5
2. New Studies.....	8	6	0
3. Completed Studies.....	11	6	2
4. Ongoing Studies (EOY).....	5	5	3
5. Cumulative Total completed...	512	518	520
3. Interagency coordination and program formulation (000's).....	\$1,132	\$1,184	\$1,018
Total direct obligations (000's)...	<u>\$12,217</u>	<u>\$12,783</u>	<u>\$10,982</u>

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net decrease in appropriation (and in available funds) of \$1,801,000 for the River Basin Surveys and Investigations program (\$12,783,000 available in 1991) consisting of:

- (a) A program decrease of \$2,269,000 for the River Basin Surveys and Investigations program.

Need for Change. The proposed reduction reflects the continuing program emphasis on directing work to high priority resource concerns in areas where there is a high level of local participation and commitment to implementing study recommendations with other than federal program funds.

Nature of Change. Work on ongoing USDA cooperative studies, floodplain management studies and interagency coordination and program formulation would continue at about eighty six percent of the current level. Emphasis will be placed on continuing studies underway that address highest priority resource problems and where non-federal sponsors have made the financial commitment to implement plans resulting from program studies. Efforts will continue to reduce the size and scope of cooperative studies. No new reimbursable flood insurance studies would be initiated and work on existing studies would be slowed.

- (b) A total increase of \$468,000 for pay costs which consists of \$187,000 for the annualization of the 1991 pay raise and \$281,000 for the 1992 pay raise.

SOIL CONSERVATION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
 1990 and estimated 1991 and 1992
RIVER BASIN SURVEYS AND INVESTIGATIONS

	1990		1991		1992	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA.....	\$197,919	4	\$236,528	5	\$203,351	4
ALASKA.....	199,996	3	214,924	3	184,782	3
ARIZONA.....	180,000	5	204,227	6	175,595	5
ARKANSAS.....	280,490	6	297,284	7	255,541	5
CALIFORNIA.....	479,990	9	472,632	10	405,324	8
COLORADO.....	169,999	3	182,835	3	157,216	3
CONNECTICUT....	161,703	4	161,443	4	138,838	3
DELAWARE.....	104,918	2	97,266	2	83,703	1
FLORIDA.....	200,002	3	214,924	3	184,784	3
GEORGIA.....	219,882	3	189,253	3	162,730	2
HAWAII.....	113,691	2	129,354	2	111,270	2
IDAHO.....	199,959	3	188,183	3	161,811	2
ILLINOIS.....	273,202	6	268,404	6	230,730	5
INDIANA.....	279,979	6	300,493	6	258,297	5
IOWA.....	300,913	7	321,885	7	276,676	6
KANSAS.....	229,929	3	247,012	3	212,351	3
KENTUCKY.....	199,797	4	222,411	4	191,216	4
LOUISIANA.....	204,993	4	193,531	4	166,405	3
MAINE.....	69,930	2	86,569	2	74,514	2
MARYLAND.....	80,002	2	97,266	2	83,703	2
MASSACHUSETTS..	55,600	1	7,808	0	6,708	0
MICHIGAN.....	199,997	4	220,272	4	189,378	4
MINNESOTA.....	300,000	7	332,581	8	285,865	6
MISSISSIPPI....	279,993	4	300,493	4	258,297	3
MISSOURI.....	405,007	7	386,062	7	331,811	5
MONTANA.....	143,000	3	168,930	4	145,270	3
NEBRASKA.....	322,001	5	343,278	5	295,054	4
NEVADA.....	49,999	1	0	0	0	0
NEW HAMPSHIRE..	229,997	4	146,682	3	126,157	2
NEW JERSEY....	151,998	2	140,050	2	120,459	1
NEW MEXICO.....	119,865	3	161,443	3	138,838	3
NEW YORK.....	179,818	4	193,531	4	166,405	3
NORTH CAROLINA.	322,498	6	323,597	6	278,146	5
NORTH DAKOTA...	235,004	5	236,316	5	203,162	4
OHIO.....	300,003	5	327,233	5	281,270	4
OKLAHOMA.....	154,999	3	161,443	3	138,838	2
OREGON.....	0	0	81,221	0	69,919	0
PACIFIC BASIN..	28,763	0	86,569	0	74,514	0
PENNSYLVANIA...	149,947	3	150,746	3	129,649	2
RHODE ISLAND...	42,801	1	61,433	1	52,919	1
SOUTH CAROLINA.	220,002	2	236,316	2	203,162	2
SOUTH DAKOTA...	57,970	1	97,266	1	83,703	1
TENNESSEE.....	229,991	5	257,708	5	221,541	4
TEXAS.....	320,025	6	214,924	6	184,784	4
UTAH.....	139,514	3	150,746	3	129,649	3
VERMONT.....	149,987	2	161,443	2	138,838	2
VIRGINIA.....	99,954	2	93,415	2	80,395	1
WASHINGTON.....	249,998	3	247,012	3	211,351	2
WEST VIRGINIA..	274,934	5	279,101	5	238,919	4
WISCONSIN.....	139,998	1	182,835	1	156,216	1
WYOMING.....	174,003	2	214,924	2	183,784	2
CHESTER NTC....	67,634	1	81,221	1	68,919	1
FORT WORTH NTC.	299,444	8	355,043	8	304,162	8
LINCOLN NTC....	140,002	4	160,443	4	137,838	4
PORTLAND NTC...	89,909	1	106,962	1	91,892	1
NATIONL HDQTRS.	925,994	5	1,037,529	4	891,351	4
FS ALLOCATION..	819,234	11	750,000	10	644,000	8

TOTAL Available or Estimate..	\$12,217,177	211	\$12,783,000	212	\$10,982,000	175
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SOIL CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Watershed Planning

For necessary expenses for small watershed investigations and planning, in accordance with the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1001-1008), [~~\$9,176,000~~] \$7,291,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$50,000 shall be available for employment under 5 U.S.C. 3109.

Watershed Planning

Appropriation Act, 1991.....	\$9,176,000
Budget Estimate, 1992.....	7,291,000
Decrease in Appropriation.....	<u>-1,885,000</u>

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

Item of Change	1991 Estimated	Pay Cost	Program Changes	1992 Estimated
Watershed Planning.....	\$9,176,000	+\$369,000	-\$2,254,000	\$7,291,000

PROJECT STATEMENT
(On basis of appropriation)

Project	1990: Amount	: Staff: Years:	1991 estimated: Amount:	: Staff: Years:	Increase or Decrease	: Amount	: Staff: Years:
Watershed Planning....	\$8,824,000	:169	:\$9,176,000:	169	:-\$1,885,000:	\$7,291,000:	128

PROJECT STATEMENT
(On basis of available funds)

Project	1990: Amount	: Staff: Years:	1991 estimated: Amount:	: Staff: Years:	Increase or Decrease	: Amount	: Staff: Years:
Direct Obligations:	:	:	:	:	:	:	:
Watershed Planning:	:	:	:	:	:	:	:
1. Small watershed planning authorized by PL-566.....	\$8,779,299	: 169	:\$9,176,000:	169	:-\$1,885,000:	\$7,291,000	: 128
Unobligated balance lapsing.....	(+44,701)	--	--	--	--	--	--
Total available or est	(8,824,000)	:(169)	:(9,176,000)	(169)	:(-1,885,000)	:(7,291,000)	:(128)
Reimbursable oblig....	113,813	: 1	: 250,000:	1	--	: 250,000	: 1
Obligational authority	\$8,893,112	: 170	:\$9,426,000:	170	:-\$1,885,000:	\$7,541,000	: 129

SOURCES OF REIMBURSEMENTS

	1990 Actual	: Estimated	1991 Estimated	: Decrease	Increase or Decrease	: Estimated	1992 Estimated
Within USDA.....	--	:	--	:	--	:	--
Other Federal Sources.....	\$19,900:		\$15,000:		--	:	\$15,000
Non-federal Sources.....	93,913:		235,000:		--	:	235,000
Total reimbursements.....	\$113,813:		\$250,000:		--	:	\$250,000

OUTLAYS

Small watershed planning authorized by PL-566.....	\$8,714,261:	\$9,253,000:	-\$1,597,000:	\$7,656,000
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EXPLANATION OF PROGRAM

The appropriation "Watershed Planning," funds activities authorized by the Watershed Protection and Flood Prevention Act (Public Law 83-566), as amended, which relate to planning of individual watershed projects.

The Department makes surveys of proposed small watershed projects and prepares plans in cooperation with local sponsors. The planning activities consist of:

- Cooperation between the Federal Government and State governments and their political subdivisions in assisting local sponsoring organizations develop plans for proposed watershed projects,
- Conducting surveys and investigations to determine the land and water resource problems and opportunities within the watershed,
- Studying alternatives to provide the best combination of land treatment, nonstructural, and structural measures for the protection, conservation, development, management, and utilization of land, water, and related resources,
- Compiling information that is the basis for mutual agreement by the Department, local organizations, and the public concerning the possible alternative solutions which will best meet environmental, social, and economic goals,
- Making environmental assessments concurrently with other planning efforts for every proposed watershed project, and
- Preparing environmental impact statements when applicable and making them available to the public.

The watershed plans:

- Identify the soil and water management problems in the watershed.
- List the steps that have been or are authorized to be taken to alleviate these problems.
- Outline the proposed works of improvement to be installed.
- Itemize the estimated benefits and costs.
- Set out the cost-sharing and operation and maintenance arrangements.
- Present other facts necessary to justify Federal participation in project development.

The following table lists actual and projected progress for small watershed applications, planning, and operations.

<u>Activity</u>	<u>1990 Actual</u>	<u>1991 Estimate</u>	<u>1992 Estimate</u>
1. <u>Application for planning assistance:</u>			
On hand, cumulative, start of year...	2,375	2,394	2,414
Net change during year.....	19	20	20
On hand, cumulative, end of year.....	2,394	2,414	2,434
Consisting of:			
a. Authorized for planning.....	2,101	2,131	2,156
b. Available for planning.....	293	283	278

<u>Activity</u>	<u>1990 Actual</u>	<u>1991 Estimate</u>	<u>1992 Estimate</u>
2. Status of planning:			
Authorized, cumulative, start of year	2,083	2,101	2,131
LESS:			
Suspended or terminated, cumulative, start of year.....	509	512	518
Completed, cumulative, start of year.	<u>1,481</u>	<u>1,500</u>	<u>1,530</u>
SUBTOTAL:			
Planning in process, start of year...	93	89	83
PLUS:			
New authorizations during year.....	18	30	1
LESS:			
Terminated during year.....	3	6	6
Completions during year.....	<u>19</u>	<u>30</u>	<u>20</u>
Planning in process, end of year.....	<u>89</u>	<u>83</u>	<u>58</u>
3. Status of projects in operations:			
Uncompleted projects start of year...	770	787	807
Projects approved for operations.....	19	30	20
New construction starts.....	2	10	1

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net decrease in appropriation (and available funds) of \$1,885,000 for Small Watershed Planning authorized by PL-566 consisting of:

- (a) A program decrease of \$2,254,000 for watershed planning activities.

Need for Change. The proposed reduction reflects the need to achieve a more efficient balance between watershed project planning and construction, and to fund only those plans for projects that address high priority, national environmental concerns. *

Nature of Change. Planning activities would continue at about 79 percent of the 1991 level. Federal funding for the program would provide for the orderly development of watershed plans, each of which must be cost effective and environmentally sensitive. These plans serve the public interest by formulating solutions to the country's most critical soil erosion problems, cropland and rural community flooding problems, and water conservation problems. In FY 1992, one new planning project would be initiated from about 278 viable applications available for new planning starts. Priority would be given to completing plans that address national environmental concerns and where local sponsors are willing and able to pay for the costs of measure installation following completion of the plan. Work on plans already in process would be slowed, and work on low priority plans would be discontinued. Plan completions in FY 1992 would be reduced to 20, or about two-thirds of the 1991 level.

- (b) A total increase of \$369,000 for pay costs which consists of \$148,000 for the annualization of the 1991 pay raise and \$221,000 for the 1992 pay raise.

SOIL CONSERVATION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1990 and estimated 1991 and 1992
WATERSHED PLANNING

	1990		1991		1992	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA.....	\$199,756	4	\$211,200	4	\$165,893	3
ALASKA.....	0	0	32,105	0	0	0
ARIZONA.....	79,775	3	42,640	2	66,251	2
ARKANSAS.....	183,003	3	184,863	3	151,980	2
CALIFORNIA.....	425,997	9	421,901	9	353,780	8
COLORADO.....	124,998	2	132,188	2	103,808	2
CONNECTICUT....	60,700	2	53,175	2	50,410	1
DELAWARE.....	74,951	2	79,513	2	62,245	1
FLORIDA.....	60,001	2	84,780	3	49,829	1
GEORGIA.....	89,950	1	95,315	1	74,701	1
HAWAII.....	228,926	3	195,398	3	190,118	2
IDAHO.....	38,991	1	84,780	2	32,381	1
ILLINOIS.....	101,431	3	137,455	4	84,236	2
INDIANA.....	119,977	2	126,920	2	99,638	1
IOWA.....	233,971	5	248,073	5	194,307	4
KANSAS.....	299,958	6	284,945	6	249,108	5
KENTUCKY.....	109,928	3	116,385	3	91,293	2
LOUISIANA.....	144,995	3	153,258	3	120,415	2
MAINE.....	99,873	2	126,920	3	82,942	2
MARYLAND.....	60,000	0	63,868	0	49,829	0
MASSACHUSETTS..	44,799	0	32,105	0	37,205	0
MICHIGAN.....	77,235	2	84,780	2	64,142	1
MINNESOTA.....	162,000	3	174,328	3	134,537	2
MISSISSIPPI....	119,990	3	126,920	3	99,649	2
MISSOURI.....	305,003	7	321,516	7	253,298	5
MONTANA.....	335,001	7	270,750	6	278,210	5
NEBRASKA.....	275,001	7	289,713	7	228,382	5
NEVADA.....	0	0	172,774	0	0	0
NEW HAMPSHIRE..	142,694	2	75,747	1	118,504	2
NEW JERSEY.....	79,925	1	84,280	1	66,376	1
NEW MEXICO.....	124,997	2	52,675	1	103,807	2
NEW YORK.....	171,731	2	158,025	2	142,619	2
NORTH CAROLINA..	215,002	3	263,375	4	178,554	2
NORTH DAKOTA...	90,001	2	100,083	2	74,744	1
OHIO.....	194,917	5	210,700	5	161,874	4
OKLAHOMA.....	373,999	9	395,064	10	310,597	8
OREGON.....	206,710	4	105,350	2	171,668	3
PACIFIC BASIN..	51,514	1	74,799	1	42,781	1
PENNSYLVANIA...	64,986	1	105,350	2	53,969	1
PUERTO RICO....	60,002	1	63,210	1	49,830	1
RHODE ISLAND...	18,201	0	19,490	0	15,116	0
SOUTH CAROLINA..	100,000	3	105,350	3	83,048	2
SOUTH DAKOTA...	0	0	63,210	0	0	0
TENNESSEE.....	134,997	3	122,206	3	112,112	2
TEXAS.....	319,999	6	273,910	5	265,752	4
UTAH.....	49,732	1	52,675	1	41,301	1
VERMONT.....	39,397	1	43,826	1	32,718	1
VIRGINIA.....	91,940	2	63,210	2	76,353	2
WASHINGTON.....	80,598	2	79,013	2	66,935	2
WEST VIRGINIA..	184,946	3	226,503	4	153,593	2
WISCONSIN.....	40,000	1	5,268	0	33,219	1
WYOMING.....	84,998	1	68,478	1	70,589	1
CHESTER NTC....	203,601	3	210,700	3	169,086	2
FORT WORTH NTC..	319,420	6	339,228	6	265,271	5
LINCOLN NTC....	291,104	3	316,051	3	241,755	2
PORTLAND NTC...	295,893	5	316,051	5	245,349	4
NATIONL HDQTRS..	474,298	8	605,605	8	393,893	5
FS ALLOCATION...	217,487	3	228,000	3	181,000	2
TOTAL Available or Estimate..	\$8,779,299	169	\$9,176,000	169	\$7,291,000	128

SOIL CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Watershed and Flood Prevention Operations

For necessary expenses to carry out preventive measures, including but not limited to research, engineering operations, methods of cultivation, the growing of vegetation, rehabilitation of existing works and changes in use of land, in accordance with the Watershed Protection and Flood Prevention Act approved August 4, 1954, as amended (16 U.S.C. 1001-1005, 1007-1009), the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-f), and in accordance with the provisions of laws relating to the activities of the Department, [~~\$185,705,000~~] \$152,961,000 (of which [~~\$26,766,000~~] \$20,400,000 shall be available for the watersheds authorized under the Flood Control Act approved June 22, 1936 (33 U.S.C. 701, 16 U.S.C. 1006a), as amended and supplemented): Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed [~~\$20,000,000~~] \$10,000,000 shall be available for emergency measures as provided by sections 403-405 of the Agricultural Credit Act of 1978 (16 U.S.C. 2203-2205), and not to exceed \$200,000 shall be available for employment under 5 U.S.C. 3109: [Provided further, That \$4,000,000 in loans may be insured, or made to be sold and insured, under the Agricultural Credit Insurance Fund of the Farmers Home Administration (7 U.S.C. 1931):] Provided further, That not to exceed \$1,000,000 of this appropriation is available to carry out the purposes of the Endangered Species Act of 1973 (Public Law 93-205), as amended, including cooperative efforts as contemplated by that Act to relocate endangered or threatened species to other suitable habitats as may be necessary to expedite project construction.

This change deletes language authorizing the Farmers Home Administration to provide Watershed and Flood Prevention Operations loans from the Agricultural Credit Insurance Fund in FY 1992 since no funds are requested for this purpose in the FY 1992 budget.

Watershed and Flood Prevention Operations

	Watersheds Authorized by PL-534	Emergency Watershed Operations	Small Watersheds Authorized by PL-566	Total Watersheds and Flood Prevention
Appropriation Act, 1991.....	\$26,766,000	\$20,000,000	\$138,939,000	\$185,705,000
Budget Estimate, 1992.....	20,400,000	10,000,000	122,561,000	152,961,000
Decrease in Appropriation.....	<u>-\$6,366,000</u>	<u>-\$10,000,000</u>	<u>-\$16,378,000</u>	<u>-\$32,744,000</u>

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

Item of Change	1991 Estimated	Pay Cost	Program Changes	1992 Estimated
Watershed and Flood Prev. Oper:				
1. Watershed oper. auth by PL-534..	\$26,766,000	+\$325,000	-\$6,691,000	\$20,400,000
2. Emergency watershed prot. oper..	20,000,000	+28,000	-10,028,000	10,000,000
3. Small watersheds auth. by PL-566	138,939,000	+1,208,000	-17,586,000	122,561,000
TOTAL AVAILABLE.....	<u>\$185,705,000</u>	<u>+\$1,561,000</u>	<u>-\$34,305,000</u>	<u>\$152,961,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	1990		1991 estimated		Increase or Decrease	1992 estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
1. Watershed operations authorized by PL-534:							
(a) Planning.....	\$664,000:	17:	\$946,000:	19:	+\$47,000	\$993,000:	19
(b) Technical assistance.....	9,108,200:	240:	12,976,000:	248:	+675,000	13,651,000:	248
(c) Financial assistance for construction: Direct Federal contracting....	13,354,000:	--:	10,628,000:	--:	-5,928,000	4,700,000:	--
Payment for con- tracting by local sponsors.	2,684,000:	--:	2,136,000:	--:	-1,136,000	1,000,000:	--
(d) Loan serv.(FmHA)	78,800:	2:	80,000:	2:	-24,000	56,000:	2
Subtotal, flood prevention.....	25,889,000:	259:	26,766,000:	269:	-6,366,000(1)	20,400,000:	269
2. Emergency Watershed Protection Operation	94,855,000:	266:	20,000,000:	157:	-10,000,000(2)	10,000,000:	24
3. Small watersheds authorized by PL-566:							
(a) Technical assistance.....	53,213,500:	1,050:	56,125,800:	985:	+3,839,200	59,965,000:	985
(b) Financial assistance for construction: Direct Federal contracting...	46,213,000:	--:	46,278,100:	--:	-11,178,100	35,100,000:	--
Payment for con- tracting by local sponsors	35,524,000:	--:	36,362,600:	--:	-8,997,600	27,365,000:	--
(c) Loan services..	172,500:	5:	172,500:	5:	-41,500	131,000:	5
Subtotal, watershed operations.....	135,123,000:	1,055:	138,939,000:	990:	-16,378,000(3)	122,561,000:	990
Total, avail. or est.	<u>255,867,000:</u>	<u>1,580:</u>	<u>\$185,705,000:</u>	<u>1,416:</u>	<u>-\$32,744,000</u>	<u>\$152,961,000:</u>	<u>1,283</u>
Transfer to ASCS.....	+10,000,000:	--:					
Transfer from COE....	-1,000,000:	--:					
Transfer from FEMA...	-15,000,000:	--:					
Total Appropriation..	<u>\$249,867,000:</u>	<u>1,580:</u>					

NOTE: A request has been submitted to the Congress to rescind \$10,000,000 of financial assistance funds for the construction of small watershed projects authorized by Public Law 83-566.

PROJECT STATEMENT
(On basis of available funds)

Project	1990		1991 estimated		Increase or Decrease	1992 estimated	
	Amount	:Staff: :Years:	Amount	:Staff: :Years:		Amount	:Staff: :Years:
1. Watershed operations authorized by PL-534:							
(a) Planning.....	\$851,090:	17:	\$922,035:	19:	+\$70,965:	\$993,000:	18
(b) Technical assistance.....	12,098,957:	240:	13,108,958:	248:	+542,042:	13,651,000:	249
(c) Financial assistance for construction:							
Direct Federal contracting....	12,168,682:	--:	11,193,982:	--:	-6,493,982:	4,700,000:	--
Payment for con- tracting by local sponsors.	3,868,643:	--:	3,558,770:	--:	-2,558,770:	1,000,000:	--
(d) Loan services...	78,800:	2:	80,000:	2:	-24,000:	56,000:	2
Subtotal, flood prevention.....	29,066,172:	259:	28,863,745:	269:	-8,463,745:	20,400,000:	269
2. Emergency Watershed Protection Oper....	67,733,379:	266:	53,816,610:	157:	-43,816,610:	10,000,000:	24
3. Small watersheds authorized by PL-566:							
(a) Technical assistance.....	58,056,386:	1,050:	57,053,574:	985:	+2,911,426:	59,965,000:	985
(b) Financial assistance for construction:							
Direct Federal contracting...	48,413,532:	--:	65,036,563:	--:	-29,936,563:	35,100,000:	--
Payment for con- tracting by local sponsors	24,036,318:	--:	32,289,309:	--:	-4,924,309:	27,365,000:	--
(c) Loan services..	172,500:	5:	172,500:	5:	-41,500:	131,000:	5
Subtotal, watershed operations.....	130,678,736:	1,055:	154,551,946:	990:	-31,990,946:	122,561,000:	990
Total direct obligations.....	227,478,288:	1,580:	237,232,301:	1,416:	-84,271,301:	152,961,000:	1,283
Unobligated balance brought forward....	(-23,138,589)	--:	(-51,527,301)	--:	+51,527,301:	--	
Unobligated balance carried forward....	(+51,527,301)	--:	--	--:	--	--	--
Appropriation.....	(\$255,867,000)	1,580	(\$185,705,000)	1,416	(-\$32,744,000)	(\$152,961,000)	1,283

REIMBURSABLE OBLIGATIONS

Project	1990	:	1991 estimated	:	Increase	:	1992 estimated	:
	Amount	:Staff:	Amount	:Staff:	or	:	Amount	:Staff
		Years:		Years:	Decrease			Years:
Reimbursable obligations:								
1. Watershed operations authorized by PL-534:								
(a) Planning.....	--	--	--	--	--	--	--	--
(b) Technical assistance.....	\$746,998	25	\$750,000	25	--	--	\$750,000	25
(c) Financial assistance for construction:								
Direct Federal contracting....	637,941	--	2,250,000	--	-1,500,000	--	750,000	--
Subtotal, flood prevention.....	1,384,939	25	3,000,000	25	-1,500,000	--	1,500,000	25
2. Emergency Watershed Protection Operation.	2,653,775	1	4,500,000	1	-1,500,000	--	3,000,000	1
3. Small watersheds authorized by PL-566:								
(a) Technical assistance.....	149,400	5	150,000	5	--	--	150,000	5
(b) Financial assistance for construction:								
Direct Federal contracting....	3,030,793	--	6,350,000	--	-3,000,000	--	3,350,000	--
Payment for contracting by local sponsors.	58,905	--	--	--	--	--	--	--
Subtotal, watershed operations.....	3,239,098	5	6,500,000	5	-3,000,000	--	3,500,000	5
Total, reimbursable obligations.....	7,278,812	31	14,000,000	31	-6,000,000	--	8,000,000	31
Obligational authority.....	\$234,757,100	1,611	\$251,232,301	1,447	-\$90,271,301	--	\$160,961,000	1,314

SOURCES OF REIMBURSEMENTS

	1990	:	1991	:		:	1992	:
	Actual	:	estimated	:	Decrease	:	estimated	:
Within USDA.....	\$48,212	:	\$97,000	:	-\$37,000	:	\$60,000	:
Other Federal Agencies.....	814,792	:	1,750,000	:	-755,000	:	995,000	:
Non-Federal Sources.....	6,415,808	:	12,153,000	:	-5,208,000	:	6,945,000	:
Total reimbursements.....	\$7,278,812	:	\$14,000,000	:	-\$6,000,000	:	\$8,000,000	:

OUTLAYS

	1990	:	1991	:		:	1992	:
	Actual	:	estimated	:	Decrease	:	estimated	:
1. Watershed operations authorized by PL-534.....	\$25,647,029	:	\$28,576,000	:	-\$2,520,000	:	\$26,056,000	:
2. Emergency Watershed Protection Operations.....	58,426,065	:	43,895,000	:	-12,710,000	:	31,185,000	:
3. Small watersheds authorized by PL-566.....	124,290,674	:	132,502,000	:	-30,827,000	:	101,675,000	:
Total Outlays.....	\$208,363,768	:	\$204,973,000	:	-\$46,057,000	:	\$158,916,000	:

EXPLANATION OF PROGRAM

The appropriation "Watershed and Flood Prevention Operations" funds those activities authorized by the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1001-1005, 1007-1009) and the Flood Control Act, as amended and supplemented (33 U.S.C. 701, 16 U.S.C. 1006a) and Sections 403-405 of the Agricultural Credit Act of 1978 (16 U.S.C. 2203-2205), which relate to installation of individual watershed projects, flood prevention subwatershed projects, and emergency watershed protection. Activities include:

Watershed Operations Authorized by PL-534

The planning criteria, economic justifications, local sponsorship requirements, cost-sharing criteria, and other policies and procedures used in the Flood Prevention Program have been adjusted to generally parallel those of the Watershed Protection Program. The Department helps install watershed improvement measures to reduce flood, sediment, and erosion damages; further the conservation, development, utilization, and disposal of water; further the conservation and proper utilization of land; and to accomplish other measures incorporated in subwatershed work plans. The following table shows the status of subwatershed work plans:

<u>Subwatersheds Status</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
In pre-construction.....	19	19	10
In construction.....	91	91	91
Continuing land treatment.....	65	65	65
Completed construction.....	160	160	160
Feasible, but not started.....	68	68	70
Total subwatersheds.....	<u>403</u>	<u>403</u>	<u>396</u>

Emergency Watershed Protection Operations

Funding authority for FY 1992 is requested under Sections 403-405 of the Agricultural Credit Act of 1978. Funding is for such emergencies for runoff retardation and soil erosion prevention as may be needed to safeguard life and property from floods and the products of erosion on any watershed whenever flood, fire, drought, or any other natural element causes a sudden impairment of the watershed. The Department administers the program by providing technical assistance and arranging with local contractors to install most of the required measures.

Small Watershed Operations Authorized by PL-566

The Department provides technical and financial assistance to local organizations to install the watershed works of improvement for watershed protection, flood prevention, agricultural water management, recreation, and fish and wildlife development, and other authorized features specified in the work plans.

The following table shows the status of PL-566 watershed projects:

<u>Status of Operational Projects</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
Projects in pre-construction end-of-year..	220	240	263
Projects under construction, start of year	362	352	347
New construction starts.....	2	10	1
Projects completed during year.....	2	10	5
Projects continuing land treatment.....	40	42	45
Projects completed, end of year.....	711	713	723
Projects not requiring funds.....	163	163	170
Total operational projects.....	<u>1,500</u>	<u>1,530</u>	<u>1,554</u>

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net decrease in appropriation of \$6,366,000 for Watershed Operations authorized by PL-534 (on the basis of available funds, there is a decrease of \$8,463,745) consisting of:

- (a) A program decrease of \$6,691,000 for PL-534 project construction activities.

Need for Change. The proposed budget reduction reflects the need to balance program benefits, existing commitments, and federal spending constraints.

Nature of Change. The proposed funding level would provide sufficient funds for technical assistance and for contract modification costs to continue work already underway at the beginning of 1992. Financial assistance funds available for contract modifications, for new contracts for individual construction units in subwatershed projects already under construction, and for new project starts would be about 45 percent of the FY 1991 level. Priorities for project construction are established at the state level considering the urgency of the problem to be addressed, expected project benefits, cost effectiveness, environmental impacts, and the readiness of local sponsors to proceed. Non-structural land treatment measures and local cost-sharing are emphasized to ensure continued program effectiveness. Efforts are underway to work with local project sponsors to eliminate planned work that is no longer economically or environmentally feasible.

- (b) A total increase of \$325,000 for pay costs which consists of \$325,000 for the annualization of the 1991 pay raise.

- (2) A net decrease in appropriation of \$10,000,000 for Emergency Watershed Operations (on the basis of available funds, there is a decrease of \$43,816,610 consisting of:

- (a) A program decrease of \$10,028,000 for Emergency Watershed Operations.

Need for Change. The proposed budget reduction reflects the need to balance program benefits, existing commitments, and federal spending constraints.

Nature of Change. The proposed level of funding would be available to complete contracts signed in prior years and to provide for an immediate response to exigency situations to reduce hazards to life and property in watersheds damaged by severe natural events occurring in 1992.

- (b) A total increase of \$28,000 for pay costs which consists of \$28,000 for the annualization of the 1991 pay raise.

- (3) A net decrease in appropriation of \$16,378,000 for Watershed Operations authorized by PL-566 (on the basis of available funds, there is a decrease of \$31,990,946 consisting of:

- (a) A program decrease of \$17,586,000 for PL-566 project construction activities.

Need for Change. The proposed budget reduction reflects the need to balance program benefits, existing commitments, and federal spending constraints.

Nature of Change. The proposed funding level would provide sufficient funds for technical assistance and for contract modification costs to continue work already underway at the beginning of 1992. Financial assistance funds available for contract modifications, for new contracts for individual construction units in small watershed projects already under construction, and for new project starts would be about 76 percent of the FY 1991 level. Priorities for project construction are established at the state level considering the urgency of the problem to be addressed, expected project benefits, cost effectiveness, environmental impacts, and the readiness of local sponsors to proceed. Non-structural land treatment measures and local cost-sharing are emphasized to ensure continued program effectiveness. Efforts are underway to work with local project sponsors to eliminate planned work that is no longer economically or environmentally feasible.

- (b) A total increase of \$1,208,000 for pay costs which consists of \$1,208,000 for the annualization of the 1991 pay raise.

Distribution of Funds by Agency for Operating Flood Prevention Projects

	1990 Obligations	: Brought Forward from 1990	: 1991 Appro- priation (adjusted)	: Estimated Obligations 1991	: Budget Estimate 1992
<u>SOIL CONSERVATION SERVICE</u>					
Buffalo Creek, NY.....	--:	--:	--:	--:	--
Colorado (Middle), Texas..	\$1,577,326:	--:	--:	--:	\$1,113,800
Coosa, Georgia,	:	:	:	:	:
Tennessee	--:	--:	--:	--:	--
Little Sioux, Iowa.....	2,442,232:	6:	2,277,851:	2,277,857:	1,724,500
Little Tallahatchie, MS..	1,219,836:	725:	1,559,409:	1,560,134:	861,400
Los Angeles, California...	33,602:	--:	--:	--:	23,700
Potomac, MD, PA, VA, and	:	:	:	:	:
W. VA.....	3,371,629:	527,709:	6,766,722:	7,294,431:	2,380,800
Santa Ynez, California....	33,602:	173,583:	133,664:	307,247:	23,700
Trinity, Texas.....	3,401,205:	--:	4,344,068:	4,344,068:	2,401,700
Washita, Oklahoma, Texas..	2,749,903:	40,258:	2,339,114:	2,379,372:	1,941,800
Yazoo, Mississippi.....	11,961,030:	1,355,464:	7,084,172:	8,439,636:	8,321,200
Subtotal, SCS.....	26,790,365:	2,097,745:	24,505,000:	26,602,745:	18,792,600
<u>FOREST SERVICE a/</u>					
Little Sioux, Iowa.....	--:	--:	--:	--:	--
Little Tallahatchie, MS...	--:	--:	--:	--:	--
Los Angeles, California...	1,247,044:	--:	1,252,000:	1,252,000:	880,600
Potomac, MD, PA, VA, and	:	:	:	:	:
W. VA.....	183,194:	--:	167,000:	167,000:	129,400
Santa Ynez, California....	654,728:	--:	640,000:	640,000:	462,300
Trinity, Texas.....	73,465:	--:	80,000:	80,000:	51,900
Washita, Oklahoma, Texas	38,576:	--:	42,000:	42,000:	27,200
Yazoo, Mississippi.....	--:	--:	--:	--:	--
Subtotal, Forest Service	2,197,007:	--:	2,181,000:	2,181,000:	1,551,400
<u>FARMERS HOME ADMINISTRATION</u>					
Loan Services.....	78,800:	--:	80,000:	80,000:	56,000
Total, P.L.-534 operations..	\$29,066,172:	\$2,097,745:	\$26,766,000:	\$28,863,745:	\$20,400,000

a/ Forest Service distribution of 1990 obligations are estimated.

PL-566 Project Activity and Obligations

The following table shows the status of Public Law 566 projects by stage of assistance and amounts obligated or estimated to be obligated.

	<u>1990</u>		<u>1991</u>		<u>1992</u>	
	<u>NO.</u>	<u>Dollars in Thousands</u>	<u>NO.</u>	<u>Dollars in Thousands</u>	<u>NO.</u>	<u>Dollars in Thousands</u>
1. Projects approved for operation and estimated cost of completion:						
a. Uncompleted projects at start of year...	770	\$1,193,351	787	\$1,111,077	811	\$1,016,525
b. Projects approved during year.....	19	48,405	30	60,000	20	40,000
Total.....	789	1,241,756	817	1,171,077	831	1,056,525
2. Status of projects and amounts obligated:						
a. Projects inactive end of year.....	26	--	25	--	30	--
b. Deauthorized, cumulative.....	137	--	138	--	140	--
c. Projects receiving pre-construction land treatment and engineering services, end of year.....	220	14,400	240	18,000	259	20,000
d. Projects moved into construction during year.....	2	97	10	1,000	1	100
e. Prior year projects continuing construction and land treatment.....	362	114,399	352	132,552	351	100,461
f. Projects with construction completed continuing land treatment.....	40	1,520	42	1,000	45	1,000
g. Projects completed during year.....	2	263	10	2,000	5	1,000
Subtotal.....	789	130,679	817	154,552	a/ 831	122,561
3. Uncompleted projects (cumulative) at end of year:						
a. Obligations to date.	787	2,340,530	807	2,493,082	a/ 826	2,614,643
b. Estimated cost of completion.....	--	1,111,077	--	1,016,525	--	933,964
4. Projects completed (cumulative and total cost).....	713	953,265	723	955,265	728	956,265
5. Total projects approved (cumulative and total cost).....	1,500	4,404,872	1,530	4,464,872	1,554	4,504,872
Total (cumulative obligations).....	1,500	\$3,293,795	1,530	\$3,448,347	1,554	\$3,570,908

a/ The proposed rescission for FY 1991 would reduce these amounts by \$10,000,000.

SOIL CONSERVATION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1990 and estimated 1991 and 1992
WATERSHED AND FLOOD PREVENTION OPERATIONS

	1990		1991		1992	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA.....	\$5,199,634	39	\$5,398,904	27	\$3,323,137	24
ARIZONA.....	3,809,032	25	4,199,112	22	2,617,163	20
ARKANSAS.....	9,839,026	70	9,602,932	53	6,045,777	48
CALIFORNIA.....	7,052,394	40	5,989,477	38	3,879,253	34
COLORADO.....	1,206,965	5	1,137,236	4	656,772	3
CONNECTICUT.....	604,827	8	2,946,227	8	1,658,344	7
DELAWARE.....	410,684	8	687,579	7	505,800	6
FLORIDA.....	2,799,664	11	1,414,687	16	1,070,978	14
GEORGIA.....	1,288,181	14	2,238,569	13	1,425,806	12
HAWAII.....	4,088,230	8	871,752	10	674,950	9
IDAHO.....	340,823	9	622,215	8	497,516	7
ILLINOIS.....	5,506,341	20	3,829,929	18	2,338,620	16
INDIANA.....	706,957	11	2,288,542	10	1,386,002	9
IOWA.....	6,423,430	52	5,982,482	39	3,904,858	35
KANSAS.....	4,773,274	40	5,017,262	29	3,195,646	27
KENTUCKY.....	2,181,262	15	2,633,515	14	1,644,239	13
LOUISIANA.....	3,428,698	34	4,402,689	23	2,743,011	21
MAINE.....	566,908	13	830,205	11	669,567	10
MARYLAND.....	888,340	6	1,036,596	5	644,117	5
MASSACHUSETTS...	752,072	10	2,130,869	11	1,321,069	10
MICHIGAN.....	1,792,190	14	2,214,699	12	1,380,663	11
MINNESOTA.....	2,608,070	21	3,990,730	16	2,377,415	15
MISSISSIPPI.....	27,200,545	178	36,712,391	152	21,913,573	139
MISSOURI.....	7,965,449	41	6,126,734	41	4,008,733	37
MONTANA.....	1,391,802	14	1,418,357	10	937,080	9
NEBRASKA.....	3,016,799	23	3,083,604	17	1,930,282	15
NEVADA.....	20,000	0	19,541	0	17,766	0
NEW HAMPSHIRE...	407,399	8	445,100	7	385,497	6
NEW JERSEY.....	1,153,791	10	1,125,113	9	767,215	8
NEW MEXICO.....	4,887,683	28	2,859,655	21	1,928,687	19
NEW YORK.....	1,092,768	13	2,377,447	12	1,467,045	11
NORTH CAROLINA..	3,491,350	29	3,179,964	23	2,126,143	21
NORTH DAKOTA....	380,276	6	778,373	4	492,452	4
OHIO.....	6,319,545	26	6,185,393	27	3,736,452	25
OKLAHOMA.....	13,010,508	101	10,773,023	81	7,263,031	73
OREGON.....	1,143,070	9	1,538,366	10	1,002,718	9
PACIFIC BASIN...	139,487	1	97,691	2	88,819	2
PENNSYLVANIA....	1,520,314	28	6,302,644	23	3,688,772	21
PUERTO...RICO...	3,174,202	16	4,342,688	19	2,627,086	18
RHODE ISLAND....	75,601	2	126,148	1	93,382	1
SOUTH CAROLINA..	26,442,744	54	6,681,546	72	5,011,378	65
SOUTH DAKOTA....	192,922	2	112,865	2	102,615	2
TENNESSEE.....	2,488,155	31	4,810,639	26	3,018,868	24
TEXAS.....	18,885,445	132	15,656,801	125	10,746,462	114
UTAH.....	671,618	8	782,221	7	557,750	6
VERMONT.....	3,273,875	16	1,296,081	16	1,017,271	14
VIRGINIA.....	4,474,503	30	4,509,388	26	2,851,100	23
WASHINGTON.....	1,800,620	19	10,058,932	19	5,480,118	17
WEST..VIRGINIA..	7,918,202	50	18,651,374	44	10,360,454	39
WISCONSIN.....	1,614,960	8	1,545,217	7	938,625	6
WYOMING.....	299,702	4	292,821	5	266,227	5
CHESTER NTC.....	1,426,066	20	1,393,325	25	1,266,784	22
FORT WORTH NTC..	2,088,116	35	2,040,176	36	1,854,888	33
LINCOLN NTC.....	1,356,997	25	1,325,842	23	1,205,430	21
PORTLAND NTC....	1,267,658	20	1,238,554	22	1,126,069	20
NATIONL HDQTRS..	7,258,218	60	7,091,579	60	6,447,525	50
FMHA ALLOCATION..	251,300	7	252,500	7	187,000	7
FS ALLOCATION....	3,109,596	53	2,534,000	41	2,087,000	41

TOTAL Available
or Estimate.... \$227,478,288 1,580 \$237,232,301 1,416 \$152,961,000 1,283

SOIL CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Great Plains Conservation Program

For necessary expenses to carry into effect a program of conservation in the Great Plains area, pursuant to section 16(b) of the Soil Conservation and Domestic Allotment Act, as added by the Act of August 7, 1956, as amended (16 U.S.C. 590p(b)), [~~\$24,637,000~~] \$25,271,000, to remain available until expended (16 U.S.C. 590p(b)(7)).

Great Plains Conservation Program

Appropriation Act, 1991.....	\$24,637,000
Budget Estimate, 1992.....	25,271,000
Increase in Appropriation.....	<u>+\$634,000</u>

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

Item of Change	1991 Estimated	Pay Cost	Program Changes	1992 Estimated
Great Plains Conservation Program:				
1. Cost-sharing assistance.....	\$16,383,000	--	--	\$16,383,000
2. Cost-share program and contract administration.....	2,641,000	+\$203,000	--	2,844,000
3. Technical assistance.....	5,613,000	+431,000	--	6,044,000
TOTAL AVAILABLE.....	<u>\$24,637,000</u>	<u>+\$634,000</u>	<u>--</u>	<u>\$25,271,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	1990	1991 estimated		1992 estimated	
	Amount	Staff: Years	Amount	Staff: Years	Amount
Great Plains Conserva- tion Program:					
1. Cost-sharing assistance.....	\$12,919,000	--	\$16,383,000	--	\$16,383,000
2. Cost-share program and contract administration.....	2,549,000	52	2,641,000	52	2,844,000
3. Technical assistance.....	5,416,000	112	5,613,000	112	6,044,000
Total available or est	<u>\$20,884,000</u>	<u>164</u>	<u>\$24,637,000</u>	<u>164</u>	<u>\$25,271,000</u>

PROJECT STATEMENT
(On basis of available funds)

Project	1990	1991 estimated		Increase or Decrease	1992 estimated	
	Amount	Staff: Years	Amount		Amount	Staff: Years
Direct obligations:						
Great Plains Conserva- tion Program:						
1. Cost-sharing assistance.....	\$12,852,839	--	\$16,500,109	-\$117,109	\$16,383,000	--
2. Cost-share program and contract administration.....	2,548,958	52	2,641,000	+203,000	2,844,000	53
3. Technical assistance.....	5,416,537	112	5,613,000	+431,000	6,044,000	114
Total direct oblig....	<u>20,818,334</u>	<u>164</u>	<u>24,754,109</u>	<u>+516,891</u>	<u>25,271,000</u>	<u>167</u>
Unobligated balance brought forward.....	(-51,443)	(--)	(-117,109)	(+117,109)	(--)	(--)
Unobligated balance carried forward.....	(+117,109)	(--)	(--)	(--)	(--)	(--)
Adjusted appropriation	<u>(20,884,000)</u>	<u>(164)</u>	<u>(24,637,000)</u>	<u>(+634,000)</u>	<u>(25,271,000)</u>	<u>(167)</u>
Reimbursable oblig....	8,527	--	20,000	--	20,000	--
Obligational authority	<u>\$20,826,861</u>	<u>164</u>	<u>\$24,774,109</u>	<u>+\$516,891</u>	<u>\$25,291,000</u>	<u>167</u>

SOURCES OF REIMBURSEMENTS

Project	1990 Actual	1991 estimated	Increase or Decrease	1992 estimated
Federal Sources.....	\$6,127	\$16,000	--	\$16,000
Other Non-Federal Sources.....	2,400	4,000	--	4,000
Total reimbursements.....	<u>\$8,527</u>	<u>\$20,000</u>	<u>--</u>	<u>\$20,000</u>

OUTLAYS

Project	1990 Actual	:	1991 estimated	:	Increase	:	1992 estimated
Great Plains Conservation Program:							
1. Cost-sharing assistance.....	\$12,228,430:		\$13,125,000:		+\$2,513,000:		\$15,638,000
2. Cost-share program and contract administration.....	2,524,101:		2,634,000:		+194,000:		2,828,000
3. Technical assistance.....	5,363,716:		5,597,000:		+412,000:		6,009,000
Total Outlays.....	<u>\$20,116,247:</u>		<u>\$21,356,000:</u>		<u>+\$3,119,000:</u>		<u>\$24,475,000</u>

EXPLANATION OF PROGRAM

Authorization: The appropriation for "Great Plains Conservation Program" funds Soil Conservation Service activities authorized under Section 16(b) of the Soil Conservation and Domestic Allotment Act (PL 74-46) as amended by PL 84-1021. PL 101-624 amended PL 84-1021 to extend the Great Plains cost-share contracting authority to September 30, 2001.

Authorization limits: Total cumulative appropriations of \$1,000,000,000 are authorized for cost-sharing. Cost-sharing payment in any one fiscal year may not exceed \$50,000,000. Through September 30, 1990, \$356,991,946 have been paid out in cost-shares.

This program is in addition to other USDA soil and water conservation programs in the counties designated for participation, and is coordinated with programs and objectives of locally managed conservation districts, State agencies, and community groups.

Potential Workload:	<u>Acres (in 000's)</u>
Estimated acreage in the 518 designated counties that could come under Great Plains contracts.....	198,000
Current Activity:	
Land under active contracts as of September 30, 1990.....	16,602

The purpose of the program is to assist farmers and ranchers in planning and applying resource management systems on their farms and ranches to prevent or reduce the effects of the climatic hazards of the area. Benefits to be achieved are protection and improvement of soil, water, plant, and wildlife resources through reduction of erosion and sedimentation, and abatement of agriculture-related pollution. A secondary benefit of the program is its impact on stabilizing the local economy. Activities include:

- Cost-sharing assistance - Payments are made to program participants for a share of the cost of installing eligible conservation practices scheduled in contracts, including, among others, terraces, permanent vegetative cover, re-establishing grasslands and pipelines.
- Cost-share programming and contract administration - Soil Conservation Service provides assistance in developing contracts, which include schedules of conservation practices to be applied, and administers contracts.
- Technical assistance - Soil Conservation Service provides assistance to help farmers and ranchers plan, install, and maintain scheduled conservation practices according to standards and specifications.

	FY 1990:	FY 1991:	FY 1992
	Actual:	Estimate:	Estimate
PROGRAM RESULTS			
Active Contracts - beginning of year.....	5,129:	5,443:	5,913
New Contracts signed.....Annual	971:	1,170:	1,160
.....Cumulative	67,250:	68,420:	69,580
Contracts Completed and Terminated.....Annual	-657:	-700:	-700
.....Cumulative	61,653:	62,353:	63,053
Active Contracts - end of year.....	5,443:	5,913:	6,373
Active applications on hand beginning of year	1,725:	1,909:	2,100
Active applications on hand end of year.....	1,909:	2,100:	2,000
Number of participants serviced.....Annual	6,100:	6,613:	7,073
Acres in new contracts (1,000).....Annual	2,727:	3,276:	3,248
Acres treated (1,000)Cumulative	144,192:	147,468:	150,716

JUSTIFICATION OF INCREASES AND DECREASES

An increase in appropriation of \$634,000 for the Great Plains Conservation program (on the basis of available funds there is an increase of \$516,891) consisting of:

- (a) An total increase of \$634,000 for pay costs which consists of \$254,000 for the annualization of the 1991 pay raise and \$380,000 for the 1992 pay raise.

SOIL CONSERVATION SERVICE GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS 1990 and Estimated 1991 and 1992 GREAT PLAINS CONSERVATION PROGRAM

	1990		1991		1992	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
COLORADO.....	\$1,852,967	15	\$2,279,044	15	\$2,316,954	15
KANSAS.....	2,086,910	18	2,408,037	18	2,458,059	18
MONTANA.....	1,754,004	13	2,188,344	13	2,216,326	13
NEBRASKA.....	1,911,008	17	2,318,842	17	2,364,857	17
NEW MEXICO.....	1,013,985	6	1,220,157	6	1,243,839	7
NORTH DAKOTA.....	1,460,996	15	1,758,163	15	1,797,659	15
OKLAHOMA.....	1,625,911	13	2,010,186	13	2,041,211	13
SOUTH DAKOTA.....	1,994,879	17	2,387,387	17	2,437,462	17
TEXAS.....	5,120,969	36	6,076,953	36	6,191,769	38
WYOMING.....	1,278,999	9	1,398,403	9	1,431,433	9
FORT WORTH NTC...	39,196	0	96,166	0	104,694	0
LINCOLN NTC.....	50,001	1	50,614	1	55,102	1
PORTLAND NTC.....	94,891	2	50,614	2	55,102	2
NATIONL HDQTRS...	533,618	2	511,199	2	556,533	2
TOTAL.....	\$20,818,334	164	\$24,754,109	164	\$25,271,000	167

SOIL CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Resource Conservation and Development

For necessary expenses in planning and carrying out projects for resource conservation and development and for sound land use pursuant to the provisions of section 32(e) of title III of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1010-1011; 76 Stat. 607), and the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-f), and the provisions of the Agriculture and Food Act of 1981 (16 U.S.C. 3451-3461), [\$29,900,000]

1 \$23,631,000: Provided, [That \$600,000 in loans may be insured, or made to be sold and insured, under the Agricultural Credit Insurance Fund of the Farmers Home Administration (7 U.S.C. 1931): Provided further,] That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$50,000 shall be available for employment under 5 U.S.C. 3109.

This change deletes language authorizing the Farmers Home Administration to provide resource conservation and development loans from the Agricultural Credit Insurance Fund in FY 1992 since no funds are requested for this purpose in the FY 1992 budget.

Resource Conservation and Development

Appropriation Act, 1991.....	\$29,900,000
Budget Estimate, 1992.....	23,631,000
Decrease in Appropriation.....	<u><u>- \$6,269,000</u></u>

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

Item of Change	1991 Estimated	Pay Costs	Program Changes	1992 Estimated
Resource Conservation and Development:				
1. Technical assistance.....	\$24,181,000	+\$1,116,000	-\$1,726,000	\$23,571,000
2. Financial assistance.....	5,659,000	--	-5,659,000	0
Loan services.....	60,000	--	--	60,000
TOTAL AVAILABLE.....	<u>\$29,900,000</u>	<u>+\$1,116,000</u>	<u>-\$7,385,000</u>	<u>\$23,631,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	1990 Amount	1990 :Staff: :Years:	1991 estimated Amount	1991 estimated :Staff: :Years:	Increase or Decrease	1992 estimated Amount	1992 estimated :Staff: :Years:
Resource Conservation and Development:							
1. Technical assistance.....	\$22,995,739	439	\$24,181,000	469	-\$610,000	\$23,571,000	410
2. Financial assistance.....	4,200,061	--	5,659,000	--	-5,659,000	0	--
3. Loan services.....	59,200	2	60,000	2	--	60,000	2
Total available.....	<u>\$27,255,000</u>	<u>441</u>	<u>\$29,900,000</u>	<u>471</u>	<u>-\$6,269,000</u>	<u>\$23,631,000</u>	<u>412</u>

PROJECT STATEMENT
(On basis of available funds)

Project	1990 Amount	1990 :Staff: :Years:	1991 estimated Amount	1991 estimated :Staff: :Years:	Increase or Decrease	1992 estimated Amount	1992 estimated :Staff: :Years:
Resource Conservation and Development:							
1. Technical assistance.....	\$23,086,237	439	\$25,576,807	469	-\$2,005,807	\$23,571,000	410
2. Financial assistance.....	4,200,009	--	6,377,946	--	-6,377,946	0	--
3. Loan services.....	59,200	2	60,000	2	--	60,000	2
Total direct oblig....	<u>27,345,446</u>	<u>441</u>	<u>32,014,753</u>	<u>471</u>	<u>-8,383,753</u>	<u>23,631,000</u>	<u>412</u>
Unobligated balance brought forward	(-2,205,199)	(--)	(-2,114,753)	(--)	(+2,114,753)	(--)	(--)
Unobligated balance carried forward.....	(+2,114,753)	(--)	(--)	(--)	(--)	(--)	(--)
Appropriation total...	<u>(27,255,000)</u>	<u>(441)</u>	<u>(29,900,000)</u>	<u>(471)</u>	<u>(-6,269,000)</u>	<u>(23,631,000)</u>	<u>(412)</u>
Reimbursable obligations:							
Resource Conservation and Development:							
(a) Technical assistance.....	136,330	2	204,000	3	--	204,000	3
(b) Financial assistance.....	545,470	--	796,000	--	--	796,000	--
Total reimbursable obligations.....	<u>681,800</u>	<u>2</u>	<u>1,000,000</u>	<u>3</u>	<u>--</u>	<u>1,000,000</u>	<u>3</u>
Obligational authority	<u>\$28,027,246</u>	<u>443</u>	<u>\$33,014,753</u>	<u>474</u>	<u>-\$8,383,753</u>	<u>\$24,631,000</u>	<u>415</u>

SOURCES OF REIMBURSEMENTS

Project	1990 Actual	1991 Estimated	Increase or Decrease	1992 Estimated
Federal Sources.....	\$122,685	\$ 179,943	--	\$ 179,943
Non-Federal Sources....	559,115	820,057	--	820,057
Total Reimbursements...	<u>\$681,800</u>	<u>\$1,000,000</u>	<u>--</u>	<u>\$1,000,000</u>

OUTLAYS

Resource Conservation and Development:				
(a) Technical assistance.....	\$19,096,125	\$24,402,000	-\$2,425,000	\$21,977,000
(b) Financial assistance.....	5,893,100	5,514,000	-915,000	4,599,000
(c) Loan services.....	59,200	60,000	--	60,000
Total Outlays.....	<u>\$25,048,425</u>	<u>\$29,976,000</u>	<u>-\$3,340,000</u>	<u>\$26,636,000</u>

EXPLANATION OF PROGRAM

The appropriation "Resource Conservation and Development" funds the activities authorized under Section 32(e) of Title III of the Bankhead-Jones Farm Tenant Act (Public Law 75-210), as amended and the Soil Conservation and Domestic Allotment Act of April 27, 1935, (Public Law 74-46), as amended and the provisions of the Agriculture and Food Act of 1981 (16 U.S.C. 3451-3461). Program assistance provided in authorized RC&D areas includes technical assistance for planning and implementation, financial assistance, and loan services.

Technical Assistance: Staff assistance is provided to local sponsors in the preparation of RC&D area plans for the conservation, development, and utilization of the natural resources in the RC&D area. Staff assistance is also provided to local sponsors in the implementation of their RC&D plans. This includes:

- a. Assistance with inventories and studies of measures of areawide scale that directly aid sponsors in achieving their RC&D objectives.
- b. Assistance in developing plans, designs, layout, and installation of measures eligible for RC&D financial assistance.
- c. Assistance to sponsors to achieve activities and measures contained in the RC&D plans which are ineligible for RC&D financial assistance.

Financial Assistance: Financial assistance is provided to eligible sponsors to install approved measures. Priority is given to measures related to erosion and sediment control (critical area treatment), flood prevention and farm irrigation, and efficiency in water short areas. Other purposes include soil and water management for control of agriculture-related pollutants, public water-based recreation developments, and public water-based fish and wildlife developments.

MAIN WORKLOAD FACTORS

	1990 Actual	1991 Estimate	1992 Estimate
<u>Status of Authorized RC&D Areas:</u>			
RC&D areas authorized at beginning of year.....	190	194	209
New RC&D areas deauthorized during year.....	1	0	0
New RC&D areas authorized during year.....	5	15	0
RC&D areas authorized at end of year.....	194	209	209
Unserviced applications on hand...	41	50	63
<u>RC&D Measures:</u>			
<u>Financially assisted:</u>			
In Planning (BOY).....	469	438	383
New Plans in Year.....	82	105	126
New Plans Cumulative.....	3,710	3,815	3,941
Plans Completed in Year.....	107	155	110
Plans Completed Cumulative.....	3,222	3,377	3,487
Plans Cancelled in Year.....	6	5	3
Plans Cancelled Cumulative.....	50	55	58
Plans terminated.....	--	--	--
In Planning (EOY).....	438	383	396
Installation Underway (BOY).....	359	341	323
Installation Started in Year.....	107	155	110
Installation Started Cumulative..	3,222	3,377	3,487
Installation Completed in Year...	113	165	103
Installation Completed Cumulative	2,824	2,989	3,092
Projects cancelled in year.....	12	8	5
Projects cancelled cumulative....	57	65	70
Projects terminated.....	--	--	--
Installation Underway (EOY).....	341	323	325
<u>Plans Completed, Installation Not Yet Underway:</u>			
Number.....	932	982	1,025
Cost (\$ in 000's).....	\$167,760	\$176,760	\$184,500
<u>Measures Completed with Other than RC&D Financial Assistance:</u>			
During Year.....	742	805	860
Cumulative.....	16,031	16,836	17,696

Loan Services Assistance: Funds are provided to the Farmers Home Administration (FmHA) to service loans made to sponsors from the Agricultural Credit Insurance Fund. Loan services must be provided from Resource Conservation and Development funds because the Agricultural Credit Insurance Fund of the FmHA is not available for such expenses. The workload in FY 1990 consisted of providing loan counseling to help local sponsors arrange funding necessary to implement planned financial assistance measures.

Item	1990		1991		1992	
	No.	Actual Amount	No.	Estimated Amount	No.	Estimated Amount
1. Loans obligated during year.....	0	0	0	0	0	0
2. Borrowers outstanding	123	\$11,183,000	123	\$11,183,000	123	\$11,183,000
3. Loans cumulative.....	292	\$29,171,401	292	\$29,171,401	292	\$29,171,401

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net decrease in appropriation of \$6,269,000 for the Resource Conservation and Development program (on the basis of available funds there is a decrease of \$8,383,753) consisting of:

- (a) A program decrease of \$7,385,000 for the Resource Conservation and Development program (on the basis of available funds there is a decrease of \$9,499,753).

Need for Change. The proposed budget reduction reflects the need to fund only Federal technical assistance in supporting local rural development activities. The \$23,631,000 proposed funding level in the budget would be sufficient to continue ongoing program activities in fiscal year 1992.

Nature of Change. The Resource Conservation and Development program is a major component of the Department's Rural Development Initiative. The Initiative includes refocusing community loan, grant and technical assistance programs to help rural communities improve basic elements, such as water systems and public facilities, that enhance the social, economic and environmental conditions of their rural areas. The Resource Conservation and Development program would provide technical assistance needed to improve the management and conservation of land and water community resources. In fiscal year 1992, funding for staffing RC&D coordinators would be decreased by \$1,726,000 through increasing the number of part time coordinators. Cost share assistance would be totally eliminating. Local sponsors will assume full responsibility for securing financial assistance from other than RC&D funding for project measures. Additionally, loans would no longer be made under the Farmers' Home Administration Agricultural Credit Insurance Fund account.

- (b) A total increase of \$1,116,000 for pay costs which consists of \$446,000 for the annualization of the 1991 pay raise and \$670,000 for the 1992 pay raise.

SOIL CONSERVATION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1990 and Estimated 1991 and 1992
RESOURCE CONSERVATION AND DEVELOPMENT

	1990		1991		1992	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA.....	\$675,930	9	\$769,595	11	\$536,128	10
ALASKA.....	0	0	118,372	2	124,258	2
ARIZONA.....	510,002	10	786,499	12	573,847	11
ARKANSAS.....	635,993	12	841,187	12	598,698	11
CALIFORNIA.....	392,516	8	445,241	8	350,182	6
COLORADO.....	531,994	10	620,757	11	564,810	10
CONNECTICUT....	282,197	7	234,592	5	246,257	5
DELAWARE.....	115,137	2	144,827	2	112,962	2
FLORIDA.....	314,065	6	416,670	6	304,997	6
GEORGIA.....	693,168	10	872,126	10	513,977	9
HAWAII.....	244,046	4	235,668	4	247,387	5
IDAHO.....	1,624,352	11	666,144	10	451,848	8
ILLINOIS.....	425,400	8	608,701	10	491,384	9
INDIANA.....	645,908	12	730,061	14	722,956	12
IOWA.....	1,083,982	15	823,524	14	734,253	13
KANSAS.....	423,329	10	555,343	11	474,440	9
KENTUCKY.....	451,964	11	829,953	12	519,625	10
LOUISIANA.....	338,990	6	404,808	5	264,331	5
MAINE.....	488,828	9	527,294	11	553,513	10
MARYLAND.....	301,996	8	236,744	5	248,516	5
MASSACHUSETTS..	228,423	5	230,856	5	229,313	4
MICHIGAN.....	563,916	10	536,711	10	446,200	8
MINNESOTA.....	616,965	10	639,266	10	451,840	8
MISSISSIPPI....	630,882	11	878,727	11	497,033	9
MISSOURI.....	558,004	10	666,218	11	536,569	10
MONTANA.....	443,362	10	496,725	10	399,885	7
NEBRASKA.....	271,998	6	231,364	5	242,868	4
NEVADA.....	119,000	2	118,372	2	124,250	2
NEW HAMPSHIRE..	134,997	3	143,183	3	124,250	2
NEW JERSEY.....	252,329	5	315,311	5	248,516	5
NEW MEXICO.....	576,968	11	884,132	12	530,921	10
NEW YORK.....	548,494	12	765,425	12	590,791	11
NORTH CAROLINA..	734,840	10	877,605	13	632,587	11
NORTH DAKOTA...	785,002	8	824,960	12	579,495	11
OHIO.....	642,734	12	652,803	13	573,056	10
OKLAHOMA.....	1,065,381	11	1,545,457	13	578,365	10
OREGON.....	327,393	7	406,731	6	288,053	5
PENNSYLVANIA...	677,657	11	1,045,401	12	530,921	10
PUERTO RICO....	210,532	4	297,899	4	197,683	4
RHODE ISLAND...	104,002	2	132,591	2	117,480	2
SOUTH CAROLINA..	429,455	6	563,564	8	417,959	8
SOUTH DAKOTA...	500,873	11	467,032	10	490,255	9
TENNESSEE.....	580,819	10	895,691	10	508,329	9
TEXAS.....	1,100,991	12	1,322,698	16	813,326	14
UTAH.....	422,390	7	679,297	7	361,478	7
VERMONT.....	216,896	4	210,918	4	221,405	4
VIRGINIA.....	218,956	5	204,461	5	214,628	4
WASHINGTON.....	250,105	3	252,776	5	234,961	4
WEST VIRGINIA..	685,839	12	960,307	12	632,587	11
WISCONSIN.....	418,999	6	500,691	8	395,367	7
WYOMING.....	369,270	5	442,327	7	327,590	6
CHESTER NTC....	64,704	1	80,708	2	84,721	2
FORT WORTH NTC..	139,895	4	252,886	5	265,461	5
LINCOLN NTC....	100,002	2	129,133	3	135,554	2
PORTLAND NTC...	49,940	2	80,708	2	84,721	2
NATIONL HDQTRS..	1,342,777	18	1,680,713	16	1,155,213	12
FMHA ALLOCATN..	59,200	2	60,000	2	60,000	2
FS ALLOCATION...	721,660	3	673,000	3	673,000	3
TOTAL Available or Estimate	\$27,345,447	441	\$32,014,753	471	\$23,631,000	412

Passenger Motor Vehicles

Passenger motor vehicles of the Soil Conservation Service are distributed among 50 State Offices and Puerto Rico, 230 area offices, and various technical specialists located at field headquarters. None of these vehicles are used in Washington, D.C. Vehicles are used in rural and other areas where common carrier facilities are either non-existent, uneconomical, or inadequate. The nature of the travel requires a high degree of mobility with frequent stops at field offices, job sites, and other places not serviced by common carrier. Resident technicians servicing farmers and ranchers in conservation districts use pickup trucks rather than passenger vehicles.

Passenger motor vehicles are generally assigned to an office location and not exclusively to one individual. This allows several employees to rely on the use of a single vehicle, thus maximizing utilization, and minimizing the number of vehicles needed.

On September 30, 1990, the Soil Conservation Service had 2,279 passenger vehicles in a total fleet of 10,965 vehicles. The fleet includes pickup trucks, sedan deliveries (light trucks), jeeps, and heavy trucks.

Replacement of Passenger Motor Vehicles. The fiscal year 1992 estimates provide for the replacement of 230 passenger motor vehicles during the fiscal year. The vehicles proposed for replacement are driven more than 60,000 miles or are more than 6 years of age or would be beyond economic repair due to accident or other causes.

SCS is continuing a sound and effective replacement program. During fiscal year 1990, 177 replacements were purchased. Economy of operation and expected use factors are taken into consideration as well as prescribed age and mileage standards in planning replacements.

Age and mileage data for Soil Conservation Service passenger motor vehicles on hand September 30, 1990, are as follows:

AGE DATA			MILEAGE DATA		
<u>Model</u>	<u>Number of Vehicles</u>	<u>Percent of Total</u>	<u>Lifetime Mileage (Thousands)</u>	<u>Number of Vehicles</u>	<u>Percent of Total</u>
1985 and older	1,263	55.4	80 to over 100	273	12.0
1986	153	6.7	60-80	518	22.7
1987	187	8.2	40-60	588	25.8
1988	258	11.3	20-40	431	18.9
1989	241	10.6	Under 20	469	20.6
1990	177	7.8		<u>2,279</u>	<u>100.0</u>
TOTAL	<u>2,279</u>	<u>100.0</u>			

RURAL ELECTRIFICATION ADMINISTRATION

Purpose Statement

The Rural Electrification Administration (REA) was established by Executive Order 7037 on May 11, 1935, to provide loan funds to eligible borrowers for the purpose of extending central station electric service to unserved persons in rural areas. Statutory provision for the agency was made in the Rural Electrification (RE) Act of May 20, 1936; and on July 1, 1939, under Reorganization Plan II, REA became a part of the Department of Agriculture. On October 28, 1949, the purpose of REA was expanded by Public Law 423, which amended the Act to authorize loans for furnishing telephone service to rural areas.

Public Law 93-32, enacted May 11, 1973, amended the Rural Electrification Act of 1936, as amended, by establishing a "Rural Electrification and Telephone Revolving Fund" (RETRF) for the purpose of making insured loans to REA electric and telephone borrowers. Loans made under this authority bear either 2 or 5 percent interest in accordance with criteria specified in the Act, and have a maturity not to exceed 35 years. The Act also authorized REA to guarantee loans made by other lenders at rates and terms agreed upon between the lender and the borrower. The Rural Electrification and Telephone Revolving Fund legislation contains the following statement of Congressional intent regarding the REA programs:

... it is hereby declared to be the policy of the Congress that adequate funds should be made available to rural electric and telephone systems through direct, insured and guaranteed loans at interest rates which will allow them to achieve the objectives of the Rural Electrification Act of 1936, as amended; and that such rural electric and telephone systems should be encouraged and assisted to develop their resources and ability to achieve the financial strength needed to enable them to satisfy their credit needs from their own financial organizations and other sources at reasonable rates and terms consistent with the loan applicant's ability to pay and achievement of the Act's objectives.

In October 1976, Public Law 94-570 amended the Act, changing the statutory criteria used in determining eligibility for the special interest rate (2 percent) insured loans. The change in criteria corrected unintended inequities resulting from P.L. 93-32, to bring the number of borrowers eligible for the special rate more in line with Congressional intent and with borrowers' actual needs for loan funds at this rate.

On August 13, 1981, the Omnibus Budget Reconciliation Act, Public Law 97-35, was signed into law to further amend the RE Act. This legislation changed the Act by eliminating the special 2 percent interest rate on insured loans from the RETRF. However, it did provide that the Administrator may make insured loans at a rate less than 5 percent, but not less than 2 percent, if the borrower has experienced extreme financial hardship, or cannot provide service consistent with the objectives of the Act without charging rates so high that a substantial disparity results between such rates and those charged for similar services in the same or nearby areas by other suppliers.

On December 21, 1987, the Omnibus Budget Reconciliation Act of 1987, Public Law 100-203, amended the Act to establish a Cushion of Credit Payment Program whereby borrowers are encouraged to make voluntary deposits into their cushion of credit account. This amendment provided that a Rural Economic Development

Subaccount be maintained in the Rural Electrification and Telephone Revolving Fund. This subaccount will be credited a sum determined by multiplying the outstanding cushion of credit payments made after October 1, 1987, by the difference between the average weighted interest rate paid on outstanding Certificates of Beneficial Ownership issued by the Fund and the 5 percent rate of interest provided to borrowers on cushion of credit payments. The Administrator is authorized to utilize the funds in the subaccount to make zero-interest loans and grants to borrowers for the purpose of promoting rural economic development and job creation projects.

The Omnibus Budget Reconciliation Act of 1990, Public Law 101-508 enacted November 5, 1990, established amounts for insured loans for each fiscal year beginning in 1991 through 1995. The legislation mandated a reduction in the amount available for the insured lending program. The reduction in each fiscal year is to be used to establish a private sector guaranteed loan program with an REA guarantee of 90 percent of principal and interest.

Public Law 101-624, the Food, Agriculture, Conservation, and Trade Act of 1990, enacted November 28, 1990, further amended the Act. Title XXIII, the Rural Economic Development Act of 1990, authorized several new programs. They are as follows:

- A grant program for distance learning and medical link facilities. This program is to provide rural communities access to advanced telecommunications services, computer networks, and improved rural opportunities.
- The Rural Business Incubator Fund. This fund shall be used to make grants and reduced interest loans to electric and telephone borrowers or other nonprofit entities to promote business incubator programs or for the creation or operation of business incubators in rural areas. The interest rate on these loans shall not exceed 5 percent.
- Financing to local businesses, community development assistance, technical assistance to businesses, and for other community business or economic development projects provided by deferment of payments on direct loans. A borrower may defer REA scheduled debt service payments equal to the amount of investment in economic development projects. Borrowers who provide financing can repay the deferred amounts in 60 or 120 equal monthly installments.

As of September 30, 1990, REA employed a total of 511 full-time permanent employees, 1 part-time permanent employee, and 2 other employees. The field staff consisted of 107 permanent full-time employees located throughout the United States. These employees utilize their homes as their offices. REA maintains no field offices. The Washington staff was composed of 404 full-time permanent, 1 part-time permanent employee and 2 other employees.

Rural Telephone Bank

Public Law 92-12, approved May 7, 1971, amended the Rural Electrification Act of 1936, as amended, to establish the Rural Telephone Bank as a supplemental source of financing for the growing capital needs of rural telephone systems. Public Law 92-324, approved June 30, 1972, further amended the Act to permit the Secretary of the Treasury to purchase the Bank's debentures.

Public Law 93-32 made additional amendments to the Act and provided for Bank borrowing authority of 20 times its paid-in capital and retained earnings. It also required that the Bank charge a single interest rate, based on the average cost of money to the Bank, but not less than 5 percent per annum. Bank loans must be fully amortized over a period not to exceed 50 years. Most loans have been made for a 35-year period.

Public Law 100-203, approved December 22, 1987, authorized the prepayment of Rural Telephone Bank loans at face value without a prepayment premium during fiscal year 1988. The legislation also established a formula for determining interest rates on Rural Telephone Bank loans, defined the interest rate to be considered for purposes of assessing eligibility for loans, and established in the Bank a reserve for losses due to interest rate fluctuations.

The Rural Telephone Bank is managed by a 13-member board of directors. The Bank board holds at least four regularly scheduled meetings a year. Activities of the Bank are carried out by REA and the Office of the General Counsel employees.

Through fiscal year 1990, \$563.4 million in Bank capitalization had been made available through the purchase by the United States of the Rural Telephone Bank's Class A Stock. Although the RE Act had originally set the maximum Government contribution at \$300 million, the Farm Bill of 1981 amended the RE Act to permit continued Class A stock purchases in annual amounts not to exceed \$30 million through fiscal year 1991, with total purchases not to exceed \$600 million.

Rural Communication Development Fund

The Rural Development Insurance Fund (RDIF) was established on October 1, 1972, pursuant to section 116 of the Rural Development Act of 1972 (Public Law 92-419) approved August 30, 1972. The Rural Communication Development Fund (RCDF), a separate account of the RDIF, was established pursuant to Secretary's Memorandum No. 1988 approved May 22, 1979. This action transferred certain financing authorities under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) from the Farmers Home Administration (FmHA) to the Rural Electrification Administration for the purpose of financing the construction of community antenna television services or facilities in rural areas. The RCDF was set up to insure or guarantee loans for community antenna television services or facilities to both cooperatives and commercial borrowers. The program was authorized to utilize the Community Facility authority and the Business and Industrial authorities of the Rural Development Act of 1972.

During fiscal years 1979 and 1980, loan guarantees and administrative costs were funded from amounts authorized for or originally appropriated to FmHA. Since fiscal year 1980, all applicable administrative costs have been provided for in the REA Salaries and Expenses appropriation. Loan authority made available is provided for separately under the Rural Communication Development Fund.

In 1981, it was determined that sufficient capital was available from private investors and that the activity could be more appropriately financed by the private sector. REA continues to administer the existing program by making advances on previous loans and performing debt servicing. The last loan approved or guaranteed under this authority was in fiscal year 1981.

RURAL ELECTRIFICATION ADMINISTRATION

Available Funds and Staff-Years1990 Actual and Estimated 1991 and 1992

Item	1990 Actual	Staff: Years	1991 Estimated	Staff: Years	1992 Estimated	Staff: Years
	Amount		Amount		Amount	
<u>Loan Authorizations:</u>						
Rural Electrification:						
Insured loans.....	\$622,050,000:	--	\$485,453,000:	--	\$504,958,000:	--
Insured loans (FFB).....	72,439,000:	--	813,450,000:	--	--	--
Private Sector.....	--	--	161,817,000:	--	169,042,000:	--
Total, electric loans.....	694,489,000:	--	1,460,720,000:	--	674,000,000:	--
Rural Telephone:						
Insured loans.....	238,141,000:	--	186,547,000:	--	194,042,000:	--
Insured loans (FFB).....	--	--	119,625,000:	--	--	--
Private Sector.....	--	--	62,183,000:	--	64,958,000:	--
Total, telephone loans.....	238,141,000:	--	368,355,000:	--	259,000,000:	--
Rural Telephone Bank Loans.	177,018,450:	--	177,045,000:	--	125,000,000:	--
Modified Loans.....	--	--	--	--	493,700,000:	--
Rural Economic Development Loans.....	4,992,000:	--	5,000,000:	--	4,800,000:	--
Total, REA Loan Authorizations.....	1,114,640,450:	--	2,011,120,000:	--	1,556,500,000:	--
<u>Appropriated Funds:</u>						
Salaries and Expenses:						
RETRF Program Account a/	23,943,804:	405:	27,180,350:	403:	29,419,160:	400
RTB Program Account b/	7,137,031:	121:	7,738,650:	121:	8,631,840:	120
Reimbursement to the revolving fund for interest subsidies and losses.....	240,757,000:	--	266,603,000:	--	--	--
Purchase of Capital Stock..	28,710,000:	--	28,710,000:	--	--	--
Rural Economic Development Loans and Grants.....	4,992,000:	--	5,000,000:	--	--	--
Rural Communication Development Fund.....	1,329,000:	--	1,264,000:	--	1,264,000:	--

Item	1990		1991		1992	
	Actual		Estimated		Estimated	
	Amount	Staff: Years	Amount	Staff: Years	Amount	Staff: Years
Loan Subsidies:						
RETRF:						
Insured Electric.....	--	--	--	--	95,237,000:	--
Insured Telephone.....	--	--	--	--	32,629,000:	--
Private Sector Electric :	--	--	--	--	62,000:	--
Private Sector Telephone:	--	--	--	--	43,000:	--
Modified Loans c/.....	--	--	--	--	--:	--
Rural Economic Development:	--	--	--	--	1,454,000:	--
Rural Telephone Bank.....	--	--	--	--	2,563,000:	--
Total, Appropriated Funds.....	306,868,835:	526:	336,496,000:	524:	171,303,000:	520
Total: REA	1,421,509,285:	526:	2,347,616,000:	524:	1,727,803,000:	520

a/ Includes \$224,558 in 1990 and \$1,728,000 in 1991 which were paid directly from the RETRF.

b/ Includes \$52,062 in 1990 and \$136,000 in 1991 which were paid directly from the RTB.

c/ The subsidy for these loans reflects net income and, therefore, zero budget authority. This income, estimated at \$40.6 million, is reflected off-budget as a financing transaction.

	1990	1991	1992
Full-time Equivalent Staff Years	Actual	Estimated	Estimated
Ceiling.....	526	524	520
Non-ceiling.....	--	--	--
Total.....	526	524	520

RURAL ELECTRIFICATION ADMINISTRATION

Permanent Positions by Grade and Staff-Year Summary

1990 and Estimated 1991 and 1992

Grade	1990			1991			1992		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
Executive Level V	1	--	1	1	--	1	1	--	1
ES-5	1	--	1	1	--	1	1	--	1
ES-4	1	--	1	1	--	1	1	--	1
ES-3	2	--	2	2	--	2	2	--	2
ES-1	1	--	1	1	--	1	1	--	1
GS/GM-17	--	--	--	1	--	1	1	--	1
GS/GM-15	17	--	17	16	--	16	16	--	16
GS/GM-14	51	--	51	50	--	50	50	--	50
GS/GM-13	86	99	185	88	103	191	88	103	191
GS-12	54	6	60	55	7	62	55	7	62
GS-11	34	2	36	38	5	43	38	5	43
GS-10	--	--	--	--	--	--	--	--	--
GS-9	31	--	31	29	--	29	26	--	26
GS-8	6	--	6	8	--	8	8	--	8
GS-7	41	--	41	42	--	42	42	--	42
GS-6	28	--	28	33	--	33	33	--	33
GS-5	29	--	29	23	--	23	22	--	22
GS-4	14	--	14	12	--	12	12	--	12
GS-3	5	--	5	5	--	5	5	--	5
GS-2	--	--	0	1	--	1	1	--	1
GS-1	--	--	--	--	--	--	--	--	--
Ungraded Positions	2	--	2	2	--	2	2	--	2
Total Permanent Positions.....	404	107	511	409	115	524	405	115	520
Staff-Years: Ceiling.....	414	112	526	409	115	524	405	115	520
Non-Ceiling.....	--	--	--	--	--	--	--	--	--
TOTAL	414	112	526	409	115	524	405	115	520

RURAL ELECTRIFICATION ADMINISTRATION

Classification by Objects1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters.....	\$16,192,256	\$17,244,000	\$18,443,000
Field.....	5,742,067	6,130,000	6,427,000
Other.....	--	--	14,000
Total personnel compensation.....	21,934,323	23,374,000	24,884,000
12 Personnel benefits.....	3,619,438	3,991,000	4,600,000
13 Benefits to Former Personnel.....	10,420	12,000	15,000
Total, Personnel Compensation and Benefits..	<u>25,564,181</u>	<u>27,377,000</u>	<u>29,499,000</u>
Other Objects:			
21 Travel.....	1,669,610	1,700,000	1,927,000
22 Transportation of things.....	73,616	70,000	90,000
23.3 Communications, Utilities and Other Rent	933,880	1,050,000	1,210,000
24 Printing and reproduction.....	356,872	372,000	482,000
25 Other services.....	1,056,766	1,376,000	3,099,000
26 Supplies and materials.	442,631	531,000	617,000
31 Equipment.....	704,985	579,000	1,127,000
42 Insurance claims.....	1,445	--	--
43 Interest and dividends	229	--	--
Total, Other Objects...	<u>5,240,034</u>	<u>5,678,000</u>	<u>8,552,000</u>
Total, Direct Obligations a/	<u>30,804,215</u>	b/ <u>33,055,000</u>	c/ <u>38,051,000</u>

Position Data:

Average Salary, ES positions.....	\$76,860	\$92,383	\$100,983
Average Salary, GS positions.....	42,540	44,162	47,326
Average Grade, GS positions.....	10.91	10.95	10.97

a/ Excludes \$276,620 in FY 1990 and \$1,864,000 in FY 1991 paid directly from RETRF and RTB.

b/ Actual obligations include Salaries and Benefits of \$168,408 and \$10,386 in travel expenses for Office of the Administrator.

c/ Estimated obligations include Salaries and Benefits of \$204,000 and travel expenses of \$25,000 for Office of the Administrator.

RURAL ELECTRIFICATION ADMINISTRATION

The estimates include appropriation language for this item as follows (deleted matter enclosed in brackets; new material underscored):

1 Rural Electrification and Telephone [Revolving Fund Loan Authorizations]
Loans Program Account

2 [Insured loans pursuant to the authority of section 305 of the Rural Electrification Act of 1936, as amended (7 U.S.C. 935), shall be made as follows: for rural electrification loans, not less than \$622,050,000 nor more than \$933,075,000; and rural telephone loans, not less than \$239,250,000 nor more than \$311,025,000; to remain available until expended: Provided, that loans pursuant to section 306 of that Act are in addition to these amounts but during 1990 total commitments to guarantee loans pursuant to section 306 shall be not less than \$933,075,000 nor more than \$2,100,165,000 of contingent liability for total loan principal: Provided further, that as a condition of approval of insured electric loans during fiscal year 1991, borrowers shall obtain concurrent supplemental financing in accordance with the applicable criteria and ratios in effect as of July 15, 1982: Provided further, That no funds appropriated in this Act may be used to deny or reduce loans or loan advances based upon a borrower's level of general funds].

3 For the cost as defined in Section 13201, of the Budget Enforcement Act of 1990, including the cost of modifying loans, of direct and guaranteed loans authorized by the Rural Electrification Act of 1936, as amended (7 U.S.C. 935), as follows: cost of direct loans, \$1,454,000, and for loans authorized by Title I of the Omnibus Budget Reconciliation Act of 1990, such sums as may be necessary: Provided that these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$4,800,000.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, including not to exceed \$7,000 for financial and credit reports, funds for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$103,000 for employment under 5 U.S.C. 3109, \$29,419,000.

The first change changes the account title in accordance with Federal Credit Reform Act of 1990.

The second change deletes all appropriation language pertaining to loan authorizations in accordance with the Federal Credit Reform Act of 1990.

The third change reflects new appropriation language as required by the Federal Credit Reform Act of 1990 which states that the subsidy costs associated with direct and guaranteed loans obligated in 1992, as well as administrative expenses of the program, will be reflected in the Program Account for Rural Electrification and Telephone Loans.

DEPARTMENTAL OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

Rural Electrification and Telephone Revolving Fund

Loan Authorizations - Current Law

	<u>Loan Authorization</u>
<u>Electrification Loans:</u>	
Insured Loan, RETRF:	
Appropriation Act, 1991	\$485,453,000
Budget Estimate, 1992 a/	<u>504,958,000</u>
Change	<u>+19,505,000</u>
Insured Loans, FFB	
Appropriation Act, 1991	813,450,000
Budget Estimate, 1992 a/	<u>--</u>
Change	<u>-813,450,000</u>
Private Sector Loan Guarantees (90%)	
Appropriation Act, 1991	161,817,000
Budget Estimate, 1992 a/	<u>169,042,000</u>
Change	<u>+7,225,000</u>
Decrease From 1991	<u>-786,720,000</u>
<u>Telephone Loans:</u>	
Insured Loans, RETRF:	
Appropriation Act, 1991	186,547,000
Budget Estimate, 1992 a/	<u>194,042,000</u>
Change	<u>+7,495,000</u>
Insured Loans, FFB	
Appropriation Act, 1991	119,625,000
Budget Estimate, 1992 a/	<u>--</u>
Change	<u>-119,625,000</u>
Private Sector Loan Guarantees	
Appropriation Act, 1991	62,183,000
Budget Estimate, 1992 a/	<u>64,958,000</u>
Change	<u>+2,775,000</u>
Decrease From 1991	<u>-109,355,000</u>
<u>Modified Loans</u>	
Appropriations Act, 1991	<u>--</u>
Budget Estimate, 1992	<u>493,700,000</u>
Change	<u>+493,700,000</u>
Total Decrease, RETRF	<u>-402,375,000</u>

a/ These estimates do not reflect legislation proposed for later transmittal to provide 90-percent REA guarantees of power supply loans and 70-percent guarantees of electric distribution loans made by the private sector. Insured electric loan levels provided by OBRA would be reduced to \$200 million for 1992 and then would be gradually phased down. All telephone loans would be shifted to the Rural Telephone Bank.

Legislation would also be proposed to allow a guarantee origination fee of 1 percent to be charged on advances of loan guarantee commitments. The fee would increase by one-half of 1 percent each year through 1996, reaching 3 percent in 1996.

RURAL ELECTRIFICATION AND TELEPHONE REVOLVING FUND
PROPOSED LEGISLATION

Budget Estimate, Current Law, 1992	\$1,426,700,000
Changes due to proposed legislation	<u>+367,000,000</u>
Net Request, President's 1992 Budget Request	<u>1,793,700,000</u>

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
 (On basis of loan, subsidies, and expenses)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Change</u>	<u>1992 Estimated</u>
Insured Loans, REA and FFB.....	\$1,605,075,000	-\$412,375,000	\$1,192,700,000
Insured Loan, Subsidy.....	--	+127,866,000	127,866,000
Guaranteed Loans, Private Sector.	224,000,000	+10,000,000	234,000,000
Guaranteed Loan Subsidy.....	--	+105,000	105,000
Administrative Expenses.....	<u>27,180,350</u>	<u>+2,238,810</u>	<u>29,419,160</u>
 TOTAL:			
Loans.....	1,829,075,000	-402,375,000	1,426,700,000
Subsidies.....	--	+127,971,000	127,971,000
Administrative Expenses.....	<u>27,180,350</u>	<u>+2,238,810</u>	<u>29,419,160</u>

PROJECT STATEMENT - CURRENT LAW
(On basis of loans, subsidies, and expenses)

Project	1990 Actual	1991 Estimated	Increase or Decrease	1992 Estimated
1. <u>Rural Electrifi-</u>				
<u>cation Loans:</u>				
Insured Loans,				
RETRF.....	\$622,050,000:	\$485,453,000:	+\$19,505,000(1):	\$504,958,000
Insured Loan,				
RETRF Subsidy..	--:	--:	+95,237,000(2):	95,237,000
Insured Loans,				
FFB.....	72,439,000:	813,450,000:	-813,450,000(3):	--
Private Sector				
Guaranteed				
Loans.....	--:	161,817,000:	+7,225,000(4):	169,042,000
Private Sector				
Guaranteed				
Loan Subsidy..	--:	--:	+62,000(5):	62,000
Total Electric	694,489,000:	1,460,720,000:	-691,421,000	769,299,000
2. <u>Rural Telephone</u>				
<u>Loans:</u>				
Insured Loans,				
RETRF.....	238,141,000:	186,547,000:	+7,495,000(6):	194,042,000
Insured Loan,				
RETRF Subsidy..	--:	--:	+32,629,000(7):	32,629,000
Insured Loans,				
FFB.....	--:	119,625,000:	-119,625,000(8):	--
Private Sector				
Guaranteed				
Loans.....	--:	62,183,000:	+2,775,000(9):	64,958,000
Private Sector				
Guaranteed				
Loan Subsidy..	--:	--:	+43,000(10):	43,000
Total Telephone..	238,141,000:	368,355,000:	-76,683,000	291,672,000
3. <u>Modified Loans</u> ..	--:	--:	+493,700,000(11):	493,700,000
4. <u>Administrative</u>				
<u>expense:</u>				
Appropriated...	23,719,246	25,452,350:	+3,966,810	29,419,160
Direct.....	224,558	1,728,000:	-1,728,000	--
Total.....	23,943,804	27,180,350:	+2,238,810(12):	29,419,160
Total				
Insured Loans...	932,630,000	1,605,075,000	-412,375,000	1,192,700,000
Insured Loan				
Subsidy.....	--:	--	+127,866,000	127,866,000
Guaranteed Loans:	--:	224,000,000	+10,000,000	234,000,000
Guaranteed Loan				
Subsidy.....	--:	--	+105,000	105,000
Administrative				
expenses.....	23,943,804:	27,180,350	+2,238,810	29,419,160

EXPLANATION OF ELECTRIC AND TELEPHONE LOAN PROGRAM

The loan authorizations of the Rural Electrification Administration are used to carry out the provisions of the Rural Electrification Act of 1936, as amended. The objectives of the program are to provide low-interest loans to borrowers that produce and distribute electricity and provide telephone service. REA administers the rural electrification program, which provides loans to borrowers that distribute electricity to farms and other retail users; and the rural telephone program, which furnishes and improves telephone service in rural areas.

The 1992 budget reflects the new credit reform procedures for federal credit programs authorized by Title XIII of the Omnibus Budget Reconciliation Act of 1990. The Act requires that budget authority and outlays for these programs represent subsidy costs, including interest subsidies, defaults, and administrative expenses, rather than loan disbursements and repayments. Loan levels will be included in the appropriation language request for the subsidy amount for FY 1992. Under the new provisions, loans which are renegotiated to allow a borrower to repay are considered new direct loans, or modified loans, and, as such, require an appropriated loan limitation and subsidy. The appropriation language will also specify the portion of the requested budget authority to be used for administrative expenses. Budget authority for the subsidy represents the present value of estimated cashflows over the lifetime of the loan. Outlays represent the portion of the subsidy related to the loan amount disbursed within the year. Budget authority and outlays for the subsidies are presented in the Budget in loan program accounts. All loan disbursement and repayment activity related to loans made in FY 1992 or later appear in a financing account and are considered off-budget for purposes of estimating the deficit. Budget authority and outlays for existing portfolios of loans are reflected in the budget in liquidating accounts and are calculated as before, to represent disbursements, borrower repayments, Federal Financing Bank repayments and Treasury borrowing requirements.

Electrification Program Statistics
(Dollars in thousands)

	Cumulative Thru FY 1990 <u>Actual</u>	<u>Cumulative Estimates</u> FY 1991 FY 1992	
REA financed loans.....	\$20,581,132	\$22,066,585	\$22,066,585
REA funds advanced.....	20,324,479	20,919,479	21,379,479
REA unadvanced funds, end of year.	1,256,653	1,147,106	687,106
REA principal repaid.....	7,874,033	8,192,525	8,517,130
REA interest paid.....	6,962,851	7,483,952	8,014,907
FFB financed loans.....	29,699,124	30,512,574	30,512,574
Consumers served-calendar			
year (thousand-estimated) <u>1/</u> ...	12,300	12,461	12,622
Miles energized-calendar			
year (thousand-estimated) <u>1/</u> ...	2,190	2,202	2,214
Number of borrowers.....	947	945	944

Telephone Program Statistics
(Dollars in thousands)

	Cumulative Thru FY 1990 <u>Actual</u>	<u>Cumulative Estimates</u> FY 1991 FY 1992	
REA financed loans.....	\$5,946,822	\$6,133,369	\$6,133,369
REA funds advanced	5,018,494	5,233,494	5,433,494
REA unadvanced funds, end of year....	928,328	899,875	699,875
REA principal repaid	1,786,575	1,992,483	2,202,342
REA interest paid	1,518,546	1,641,545	1,770,751
FFB financed loans.....	601,117	601,117	601,117
Route miles of line constructed			
or improved-(thousand-estimated) <u>2/</u>	927	943	959
Dial subscribers, new and			
improved service-calendar year			
(thousands-estimated) <u>2/</u>	5,396	5,516	5,636
Number of borrowers.....	956	956	956

1/ Data represents accomplishments from all sources of funds.

2/ Data represents accomplishments from borrowers financed 20% or more by REA, RTB, and guaranteed loans.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$19,505,000 in insured electric loans from the RETRF (\$485,453,000 available in 1991).

Need for Change. The Omnibus Budget Reconciliation Act of 1990 (OBRA) established the insured electric loan levels for fiscal year 1992.

Nature of Change. The level of RETRF insured electric loans is increased to reflect the amount mandated in OBRA.

- (2) An increase of \$95,237,000 for insured electric loan subsidies (not requested in 1991.)

Need for change. The Federal Credit Reform Act of 1990 requires that the cost of credit programs be placed on a budgetary basis equivalent to other Federal spending. The estimated long-term cost of a direct loan is to be calculated on a net present value basis, excluding administrative expenses.

Nature of change. The subsidy costs of the direct loan program is the difference, at time of disbursement, between the estimated cash disbursement and the net present value of the estimated cash inflows resulting from the loan program. The subsidy represents the portion of the loan disbursement the Government does not expect to recover, in present value terms.

- (3) A decrease of \$813,450,000 in FFB financed direct electric loans (\$813,450,000 available in 1991).

Need for Change. This decrease will reduce Federal involvement in general credit activities and shift financially able borrowers to the private sector.

Nature of Change. The level of FFB financed direct electric loans is reduced to reflect the Administration's proposal to guarantee 90 percent of private-sector loans for power supply.

- (4) An increase of \$7,225,000 in guaranteed private-sector electric loans (\$161,817,000 available in 1991).

Need for Change. The OBRA established the fiscal year 1992 level for guaranteed private sector electric loans.

Nature of Change. The level of guaranteed private-sector electric loans is increased to the amount mandated in OBRA.

- (5) An increase of \$62,000 for guaranteed electric loan subsidies (not requested in 1991).

Need for change. The Federal Credit Reform Act of 1990 requires that the cost of credit programs be placed on a budgetary basis equivalent to other Federal spending. The estimated long-term cost of a guaranteed loan is to be calculated on a net present value basis, excluding administrative expenses.

Nature of change. The subsidy costs of the guaranteed loan program is the difference, at time of disbursement, between the estimated cash disbursement and the net present value of the estimated cash inflows resulting from the loan program. The subsidy represents the portion of the expected payments that the Government does not expect to offset by collections, in present value terms.

- (6) An increase of \$7,495,000 in insured telephone loans from the RETRF (\$186,547,000 available in 1991).

Need for Change. The Omnibus Budget Reconciliation Act of 1990 (OBRA) established the insured telephone loan levels for fiscal year 1992.

Nature of Change. The level of RETRF insured telephone loans is increased to reflect the amount mandated in OBRA.

- (7) An increase of \$32,629,000 for insured telephone loan subsidies (not requested in 1991).

Need for change. The Federal Credit Reform Act of 1990 requires that the cost of credit programs be placed on a budgetary basis equivalent to other Federal spending. The estimated long-term cost of a direct loan is to be calculated on a net present value basis, excluding administrative expenses.

Nature of change. The subsidy costs of the direct loan program is the difference, at time of disbursement, between the estimated cash disbursement and the net present value of the estimated cash inflows resulting from the loan program. The subsidy represents the portion of the loan disbursement the Government does not expect to recover, in present value terms.

- (8) A decrease of \$119,625,000 in FFB financed direct telephone loans (\$119,625,000 available in 1991).

Need for Change. This decrease will reduce Federal involvement in general credit activities and shift financially secure borrowers to the private sector.

Nature of Change. The level of FFB financed direct telephone loans is reduced to reflect the Administration's proposal to shift all telephone loans to the Rural Telephone Bank.

- (9) An increase of \$2,775,000 in guaranteed private-sector telephone loans (\$62,183,000 available in 1991).

Need for Change. The OBRA established the level for guaranteed private-sector telephone loans for fiscal year 1992.

Nature of Change. The level of guaranteed private-sector telephone loans is increased to the amount mandated in OBRA.

- (10) An increase of \$43,000 for guaranteed telephone loan subsidies (not requested in 1991).

Need for change. The Federal Credit Reform Act of 1990 requires that the cost of credit programs be placed on a budgetary basis equivalent to other Federal spending. The estimated long-term cost of a guaranteed loan is to be calculated on a net present value basis, excluding administrative expenses.

Nature of change. The subsidy costs of the guaranteed loan program is the difference, at time of disbursement, between the estimated cash disbursement and the net present value of the estimated cash inflows resulting from the loan program. The subsidy represents the portion of the expected payments that the Government does not expect to offset by collections, in present value terms.

- (11) An increase of \$493,700,000 for modified loans (not requested in 1991).

Need for Change. Under Federal Credit Reform, loans which are restructured or have any change in the terms or conditions are considered modified and require an appropriated loan limitation.

Nature of Change. The level of RETRF modified loans is increased to reflect the appropriated loan limitation required in FY 1992.

- (12) An increase of \$2,238,810 for administrative expenses. This increase is justified as part of total REA in Salaries and Expenses, p.12-39 of the Notes.

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

<u>Item of Change</u>	1992		
	<u>Current Law</u>	<u>Program Change</u>	<u>President's Request</u>
Insured Loans, RETRF.....	\$1,192,700,000	-\$499,000,000	\$693,700,000
Insured Loan, RETRF Subsidy.	127,866,000	-90,660,000	37,206,000
Guaranteed Loans.....	234,000,000	+866,000,000	1,100,000,000
Guaranteed Loan, Subsidy....	105,000	-105,000	--
Administrative Expenses.....	<u>29,419,160</u>	<u>--</u>	<u>29,419,160</u>
Total:			
Loans.....	1,426,700,000	+367,000,000	1,793,700,000
Subsidies.....	127,971,000	-90,765,000	37,206,000
Administrative Expenses.....	<u>29,419,160</u>	<u>--</u>	<u>29,419,160</u>

EXPLANATION OF PROPOSED LEGISLATION

The Rural Electrification Administration has been providing 100-percent guarantees of FFB loans to electric and telephone borrowers and, under 1991 OBRA authorities, 90-percent guarantees of private-sector electric distribution and telephone loans. This proposal will gradually phase down insured electric loans and shift to an REA guarantee of private-sector loans. The REA guarantee commitment would be reduced to 90 percent for power supply loans and 70 percent for electric distribution loans. All telephone loans would be shifted to the Rural Telephone Bank. This proposal would permit the Government to reduce its involvement as a direct source of credit and align Federal subsidies more closely with borrowers' financial needs.

In addition, the Budget proposes that a guarantee origination fee of 1 percent be charged on loan guarantee commitments. The fee, which would be collected as the loan is advanced, would increase by one-half of 1 percent each year until reaching 3 percent in 1996.

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

Number and Amount of REA Electrification and
Telephone Loans by State, Fiscal Year 1990

<u>INSURED LOANS</u>	<u>ELECTRIC</u>		<u>TELEPHONE</u>	
	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>
UNITED STATES	163	\$622,050,000	46	\$238,141,000
Alabama	7	22,370,000	2	6,622,000
Alaska	3	28,893,000		
Arizona			1	1,321,000
Arkansas	3	13,350,000	2	29,954,000
Colorado	1	2,122,000		
Delaware	1	16,164,000		
Florida	5	47,136,000		
Georgia	16	59,717,000	3	30,001,000
Idaho	1	2,129,000	2	4,834,000
Illinois	7	20,880,000		
Indiana	6	8,260,000	1	1,375,000
Iowa	5	5,367,000	1	1,210,000
Kansas	2	2,306,000	1	390,000
Kentucky	5	11,376,000	1	7,966,000
Louisiana	1	4,210,000	2	65,504,000
Maryland	1	14,840,000		
Michigan			2	2,884,000
Minnesota	10	30,262,000	4	1,511,000
Mississippi	2	10,640,000		
Missouri	5	19,096,000	1	433,000
Montana	4	8,843,000	1	1,452,000
Nebraska	1	5,263,000	2	3,250,000
New Hampshire			2	3,291,000
New Jersey	1	2,520,000		
New Mexico	4	7,086,000		
New York	1	1,680,000	2	5,304,000
North Carolina	7	25,662,000		
North Dakota	4	17,881,000	1	2,557,000
Ohio	7	11,923,000		
Oklahoma	2	7,389,000	5	17,759,000
Oregon	1	1,527,000		
Pennsylvania	4	8,518,000		
South Carolina	8	52,701,000	1	3,542,000
South Dakota	10	17,726,000		
Tennessee	4	29,469,000	2	20,208,000
Texas	8	27,234,000	3	14,498,000
Virginia	8	66,150,000		
Washington	3	3,477,000		
West Virginia	1	1,034,000	2	5,305,000
Wisconsin	2	4,185,000	1	4,782,000
Wyoming	2	2,664,000	1	2,188,000

<u>GUARANTEED LOANS</u>	<u>ELECTRIC</u>		<u>TELEPHONE</u>	
	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>
UNITED STATES	2	\$72,439,000	--	--
Alabama	1	55,500,000		
Iowa	1	16,939,000		

RURAL ELECTRIFICATION ADMINISTRATION

The estimates include appropriation language for this items as follows (deleted matter enclosed in brackets; new material underscored):

[Reimbursement to the Rural Electrification and Telephone Revolving Fund]

[For an additional amount to reimburse the rural electrification and telephone revolving fund for interest subsidies and losses substaⁿed in prior years, but not previously reimbursed in carrying out the provisions of the Rural Electrification Act of 1936, as amended (7 U.S.C. 901-950(b)), \$266,603,000.]

The change deletes the language authorizing reimbursement to the Rural Electrification and Telephone Revolving Fund for interest subsidies and losses. Since no appropriation is requested, retention of the language is unnecessary.

DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

Rural Electrification and Telephone Revolving Fund

Reimbursement for Interest Subsidies and Losses

Appropriation Act, 1991.....	\$266,603,000
Budget Estimate, 1992.....	--
Decrease in Appropriation.....	<u>-266,603,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Changes</u>	<u>1992 Estimated</u>
Reimbursement to the revolving fund for interest subsidies and losses	<u>\$266,603,000</u>	<u>-\$266,603,000</u>	<u>--</u>

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>:1990 Actual</u>	<u>: 1991 Estimated</u>	<u>: Decrease</u>	<u>:1992 Estimated</u>
Reimbursement to	:	:	:	:
the revolving fund :	:	:	:	:
for interest subsi-:	:	:	:	:
dies and losses...	:\$240,757,000:	\$266,603,000	:-\$266,603,000:	--
Total, Appropriation	<u>:\$240,757,000:</u>	<u>\$266,603,000</u>	<u>:-\$266,603,000:</u>	<u>--</u>

EXPLANATION OF PROGRAM

This account reimburses the Rural Electrification and Telephone Revolving Fund for interest subsidies and expenses resulting from defaults incurred on guaranteed loans which were paid by the revolving fund.

JUSTIFICATION OF INCREASES AND DECREASES

A decrease of \$266,603,000 in reimbursement to the rural electrification and telephone revolving fund for interest subsidies and losses.

Need for Change. Credit reform provides permanent indefinite borrowing authority for losses and expenses related to loan obligations.

Nature of Change - No appropriation is requested in FY 1992 for reimbursement to the revolving fund for interest subsidies and losses. Credit reform requires estimating possible defaults and including these estimates in the cash flows of the loans. Subsidy appropriations in FY 1992 include those estimated defaults.

RURAL ELECTRIFICATION ADMINISTRATION

The estimates include appropriation language for this item as follows (deleted matter enclosed in brackets, new material underscored):

[Rural Economic Development Subaccount]

For [grants and] loans authorized under section 313 of the Rural Electrification Act for the purpose of promoting rural economic development and job creation projects, [\$5,000,000, to remain available until expended: Provided, that this amount will be in addition to any] amounts generated by the interest differential on voluntary cushion of credit payments made by REA borrowers.

This change deletes the language authorizing appropriations to the Rural Economic Development Subaccount. Loans will be made with funds generated by the interest differential on voluntary cushion of credit payments and loan repayments made by REA borrowers. No appropriation is requested in fiscal year 1992.

DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

Rural Electrification and Telephone Revolving Fund

Rural Economic Development Subaccount

	<u>Authority</u>	<u>Loan Appropriation</u>	<u>Subsidy</u>
Appropriation Act, 1991	\$5,000,000	\$5,000,000	--
Budget Estimate, Current Law, 1992	4,800,000a/	--	\$1,454,000
Increase or Decrease	<u>-200,000</u>	<u>-5,000,000</u>	<u>+1,454,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation, loan authority, and subsidies)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Changes</u>	<u>1992 Estimated</u>
Loan Authority	\$5,000,000	-\$200,000	\$4,800,000a/
Loan Appropriation	5,000,000	-5,000,000	--
Subsidy	--	+1,454,000	1,454,000

a/ Earnings generated by the interest differential on voluntary cushion of credit payments and loan repayments made by REA borrowers.

PROJECT STATEMENT
(on basis of available funds, loans levels, and subsidies)

Project	: 1990 Actual	: 1991 Estimated	: Increase or Decrease	: 1992 Estimated
Loans obligated.....	\$6,688,000	\$8,406,024	-\$3,606,024	\$4,800,000
Unobligated balance, start of year	-101,050	-91,024	-1,089,999	-1,181,023
Unobligated balance, end of year	91,024	1,181,023	+1,172,092	2,353,115
Total, available or estimated	6,677,974	9,496,023	-3,523,931	5,972,092
Accrued Interest Differential.....	-1,685,974	-3,900,000	-400,000	-4,300,000
Repayments	--	-596,023	-1,076,069	-1,672,092
Total:				
Loan Appropriation ..	4,992,000	5,000,000	-5,000,000(1)	--
Loan Authority	4,992,000	5,000,000	-200,000(2)	4,800,000
Subsidy	--	--	+1,454,000(3)	1,454,000

EXPLANATION OF PROGRAM

This subaccount provides funds for loans authorized under section 313 of the Rural Electrification Act of 1936, as amended, for the purpose of promoting rural economic development and job creation projects.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$5,000,000 in appropriated funds for the Rural Economic Development Subaccount.

Need for Change. Earnings generated by the interest differential on voluntary cushion of credit payments and repayments made by REA borrowers will provide funds to meet the needs of the program.

Nature of Change. No appropriation for loans is requested in FY 1992. Interest earned on cushion of credit payments and loan repayments made by REA borrowers will be utilized for zero-interest loans.

- (2) A decrease in loan authority of \$200,000 (\$5,000,000 available in 1991.)

Need for Change. Credit reform requires loan authorization and a subsidy appropriation even if additional appropriations are not requested.

Nature of Change. Interest earned on cushion of credit payments and loan repayments made by REA borrowers will be utilized for zero-interest loans. No appropriation for loans is requested in FY 1992.

- 3) An increase of \$1,454,000 for rural economic development loans (not requested in 1991).

Need for change. The Federal Credit Reform Act of 1990 requires that the cost of credit programs be placed on a budgetary basis equivalent to other Federal spending. The estimated long-term cost of a direct loan is to be calculated on a net present value basis, excluding administrative expenses.

Nature of change. The subsidy costs of the direct loan program is the difference, at time of disbursement, between the estimated cash disbursement and the net present value of the estimated cash inflows resulting from the loan program. The subsidy represents the portion of the loan disbursement the Government does not expect to recover, in present value terms.

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

Number and Amount of REA Rural Economic Development
Loans by State, Fiscal Year 1990

<u>INSURED LOANS</u>	<u>ELECTRIC</u>		<u>TELEPHONE</u>	
	<u>NO.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>
UNITED STATES	53	\$4,728,000	25	\$1,960,000
Alabama	1	100,000		
Arkansas	1	100,000		
California			1	100,000
Colorado	2	200,000		
Florida	1	100,000		
Idaho	1	100,000	1	100,000
Illinois	2	175,000		
Iowa	2	200,000	7	605,000
Kentucky	1	100,000	1	100,000
Michigan	2	150,000		
Minnesota	5	443,000	4	305,000
Mississippi	4	400,000		
Missouri	1	100,000	1	100,000
Montana	1	100,000	2	100,000
New Mexico	1	45,000		
New York	1	50,000		
North Carolina	2	175,000		
North Dakota	3	300,000		
Ohio	1	100,000		
Oklahoma	2	150,000	3	300,000
Oregon	1	100,000		
Pennsylvania	2	200,000		
South Carolina	1	95,000	1	100,000
South Dakota	2	200,000		
Tennessee	6	495,000		
Texas	2	135,000	1	15,000
Vermont	1	100,000		
Virginia	1	100,000		
Wisconsin	3	215,000	1	100,000
Wyoming			1	35,000

RURAL ELECTRIFICATION ADMINISTRATION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Telephone Bank Program Account

- 1 [The Rural Telephone Bank is hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to such corporation in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by Section 104 of the Government Corporation Control Act, as amended, as may be necessary in carrying out its authorized programs for the current fiscal year. During 1991, and within the resources and authority available, gross obligations for the principal amount of direct loans shall be not less than \$177,045,000 nor more than \$210,540,000.]
- 2 For the cost as defined in Section 13201, of the Budget Enforcement Act of 1990, including the cost of modifying loans of direct loans authorized by the Rural Electrification Act of 1936, as amended (7 U.S.C. 935), as follows: cost of direct loans, \$2,563,000: Provided that these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$125,000,000.

In addition, for administrative expenses necessary to carry out the loan programs, \$8,632,000.

The first change deletes all appropriation language pertaining to loan authorizations prior to fiscal year 1992 in accordance with the Federal Credit Reform Act of 1990.

The second change reflects new appropriation language as required by the Federal Credit Reform Act of 1990 which states that the subsidy costs associated with the direct loans obligated in 1992, as well as administrative expenses of the program, will be reflected in the Program Account of the Rural Telephone Bank.

DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

RURAL TELEPHONE BANK - CURRENT LAW

	<u>Direct Loan Authorization</u>
Appropriation Act, 1991	\$177,045,000
Budget Estimate, 1992	125,000,000
Change	<u>- 52,045,000</u>

RURAL TELEPHONE BANK - PROPOSED LEGISLATION

	<u>Loan Authorization</u>	
	<u>Direct</u>	<u>Guaranteed</u>
Budget Estimate, Current Law, 1992.....	\$125,000,000	--
Change due to proposed legislation.....	--	+\$275,000,000
Net Request, President's 1992 Budget Request..	<u>125,000,000</u>	<u>275,000,000</u>

	<u>Loan Subsidies</u>	
	<u>Direct</u>	<u>Guaranteed</u>
Budget Estimate, Loan Subsidy, 1992.....	2,563,000	--
Change due to proposed legislation a/.....	-2,563,000	--
Net Request, President's 1992 Budget Request..	<u>--</u>	<u>--</u>

a/ Although total budget authority needed under proposed legislation is zero, it should be noted that actual subsidies under proposed legislation are -\$9,694,000, which includes -\$5,131,000 for direct loans and -\$4,563,000 for guaranteed loans.

SUMMARY OF INCREASES AND DECREASES -- CURRENT LAW
(On basis of loans, subsidies and expenses)

	<u>1991 Estimate</u>	<u>Program Changes</u>	<u>1992 Estimate</u>
Direct Loans.....	\$177,045,000	-\$52,045,000	\$125,000,000
Direct Loan Subsidy.....	--	+2,563,000	2,563,000
Administrative Expenses.....	7,738,650	+893,100	8,631,840

PROJECT STATEMENT - CURRENT LAW
(On basis of loans, subsidies and expenses)

Project	: 1990 : Actual	: 1991 : Estimated	: Change	: 1992 : Estimated
Direct loans.....	\$177,018,450	\$177,045,000	:-52,045,000(1)	\$125,000,000
Direct loan subsidy...	--	--	: +2,563,000(2)	2,563,000
Administrative expense:	:	:	:	:
Appropriated.....	7,084,969	7,602,650	: +1,029,190	8,631,840
Direct.....	52,062	136,000	: -136,000	--
Total.....	7,137,031	7,738,650	: +893,100(3)	8,631,840

EXPLANATION OF RURAL TELEPHONE BANK PROGRAM

Public Law 92-12, approved May 7, 1971, amended the Rural Electrification Act of 1936, as amended, to establish the Rural Telephone Bank as a supplemental source of financing the Rural Telephone Program. The act, as amended, permits the Secretary of the Treasury to purchase the Bank's debentures. This reduces RTB borrower costs. Public Law 93-32, approved May 11, 1973, further amended the Act to increase the Bank's borrowing authority from eight to twenty times its paid-in-capital and retained earnings. The Bank charges an interim rate from date of advance until the end of the fiscal year of the average yield on outstanding marketable obligations of the United States with comparable maturity of the approved advance. After the first year, a complex formula for computing the Bank's lending rate applies, but not less than 5 percent per annum.

Borrowing Authority

Equity capital of the Bank consists of Class A stock, bearing a 2 percent dividend, purchased by the United States Government; Class B and C stock purchased by Bank borrowers, organizations eligible to become borrowers, organizations controlled by borrowers; and retained earnings. The maximum borrowing authority of the Bank is limited to 20 times its paid-in-capital and retained earnings. Total borrowing authority available to the Bank in 1990 was \$1.6 billion. In 1991, available borrowing authority is estimated at \$1.7 billion.

Highlights of Operation

The Rural Telephone Bank made 25 loans totaling \$177,018,450 in fiscal year 1990. Since its inception, the Bank has made loans totaling \$2,647,220,503 to 597 borrowers.

The Bank's net income from October 1, 1989, to September 30, 1990, amounted to \$55,109,966, after making provision for a return of \$10,932,625 on Class A stock held by the government, a balance of \$44,177,341 was available for patronage refunds, dividends, and retained earnings. Assets of the Bank totaled \$1,755,430,940 as of September 30, 1990, and liabilities were \$773,132,335. The Bank has invested some of the proceeds from the sale of Class B and C stock in United States securities; interest on these investments amounted to \$57,071.

Program Statistics *
(Dollars in thousands)

	<u>FY 1990</u> <u>Actual</u>	<u>FY 1991</u> <u>Estimate</u>	<u>FY 1992</u> <u>Estimate</u>
Cumulative net loans.....	\$2,647,221	\$2,824,266	\$2,824,266
Cumulative loan funds, advanced.....	1,924,152	2,035,152	2,159,152
Unadvanced loan funds, end of year...	723,069	789,114	665,114
Cumulative principal repaid.....	363,146	392,225	422,476
Cumulative interest paid.....	1,206,749	1,326,613	1,451,919
Number of borrowers.....	597	597	597

* This account records all program statistics resulting from direct loans obligated prior to fiscal year 1992.

The 1992 budget reflects the new credit reform procedures for federal credit programs authorized by Title XIII of the Omnibus Budget Reconciliation Act of 1990. The Act requires that budget authority and outlays for these programs include interest subsidies, defaults, and administrative expenses, rather than loan disbursements and repayments. Loan levels will be included in the appropriation language request for the subsidy amount for FY 1992. The appropriation language will also specify the portion of the requested budget authority to be used for administrative expenses. Budget authority for the subsidy represents the present value of estimated cashflows over the lifetime of the loan. Outlays represent the portion of the subsidy related to the loan amount disbursed within the year. Budget authority and outlays for the subsidies are presented in the Budget in loan program accounts. All loan disbursement and repayment activity related to loans made in FY 1992 or later appear in a financing account and are considered off-budget for purposes of estimating the deficit. Budget authority and outlays for existing portfolios of loans are reflected in the budget in liquidating accounts and are calculated as before, to represent disbursements, borrower repayments, Federal Financing Bank repayments and Treasury borrowing requirements.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$52,045,000 in loans (\$177,045,000 available in 1991).

Need for change. A program reduction of \$52,045,000 is proposed because Rural Telephone Bank borrowers have the capability to obtain financing from the private sector. Telephone service in rural areas is readily available at reasonable cost to the consumer.

Nature of change. The level of direct Rural Telephone Bank loans will be reduced to reflect the Administration's proposal to partially guarantee private sector loans for rural telephone service.

- (2) An increase of \$2,563,000 in subsidy costs for a direct loan program of \$125,000,000.

Need for change. The Federal Credit Reform Act of 1990 requires that the cost of credit programs be placed on a budgetary basis equivalent to other Federal spending. The estimated long-term cost of a direct loan is to be calculated on a net present value basis, excluding administrative expenses.

Nature of change. The subsidy costs of the direct loan program is the difference, at time of disbursement, between the estimated cash disbursement and the net present value of the estimated cash inflows resulting from the loan program. The subsidy represents the portion of the loan disbursement the government does not expect to recover, in present value terms.

- (3) An increase of \$893,190 for administrative expenses.

This increase is justified as a part of total REA Salaries and Expenses.

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

Item of Change	1992		
	Current Law	Program Changes	President's Request
Rural Telephone Bank:			
Direct Loans.....	\$125,000,000	--	\$125,000,000
Guaranteed private-sector loans.....	--	+\$275,000,000	275,000,000
Total.....	<u>\$125,000,000</u>	<u>\$275,000,000</u>	<u>\$400,000,000</u>

EXPLANATION OF PROPOSED LEGISLATION

The Budget request proposes to change RTB interest rates so that the net charge to borrowers will eventually equal rates on Treasury obligations of comparable maturity. Beginning in FY 1992, the interest rate will increase by one-half percent annually until reaching the comparable Treasury rate.

Proposed legislation will also allow the Rural Telephone Bank to offer 70-percent guarantees of privately-originated telephone loans. The proposal includes a loan origination fee of 1 percent on guaranteed loan commitments. The fee, which will be collected as the loan is advanced, will increase by one-half percent each year, reaching 3 percent in 1996.

RURAL TELEPHONE BANK

Budget Authority, Obligations and Balances
(Dollars in thousands)

	<u>FY 1990 Actual</u>	<u>FY 1991 Estimate</u>
Budget Authority:		
Borrowing Authority (P&F Schedule).....	\$62,893	\$63,093
Other Funds Available.....	182,227	183,280
Less: Return on Class A stock.....	<u>-10,933</u>	<u>-11,842</u>
Total budgetary resources.....	<u>234,187</u>	<u>234,531</u>
Obligations:		
Loans approved.....	177,018	177,045
Expenses and C stock dividends.....	<u>57,169</u>	<u>57,486</u>
Total.....	<u>234,187</u>	<u>234,531</u>

Limitation on Authority to Borrow
(Dollars in thousands)

	<u>FY 1990 Actual</u>	<u>FY 1991 Estimate</u>
A Stock.....	\$28,710	\$28,710
B Stock.....	45,164	48,151
C Stock.....	3,343	20
Retained earnings.....	<u>1,759</u>	<u>6,551</u>
Total.....	78,976	83,432
Statutory borrowing authority rate.....	<u>x20</u>	<u>x20</u>
Maximum authority to borrow during year	<u>1,579,520</u>	<u>1,668,640</u>

Note: (1) Computed in accordance with Section 407 of the Rural Electrification Act of 1936, as amended.

(2) As required by the Federal Credit Reform Act of 1990, this account records, for the Rural Telephone Bank, borrowing authority, obligations and balances resulting from direct loans obligated prior to fiscal year 1992. Beginning in fiscal year 1992, this account will have unlimited borrowing authority to meet its cash needs.

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

Number and Amount of Rural Telephone Bank
Loans by State, Fiscal Year 1990

	<u>No.</u>	<u>Amount</u>
UNITED STATES	25	\$177,018,450
Arizona	1	12,406,800
California	1	956,550
Georgia	2	34,787,550
Illinois	1	3,931,200
Louisiana	2	10,007,550
Maine	1	1,454,250
Minnesota	3	6,739,950
Missouri	1	3,560,550
Nebraska	2	6,454,350
Oklahoma	2	4,068,750
Oregon	1	358,050
South Carolina	1	30,324,000
Texas	1	2,247,000
Vermont	1	2,461,200
Virginia	2	12,951,750
Washington	1	909,300
Wisconsin	1	657,300
Mariana Island	1	42,742,350

RURAL ELECTRIFICATION ADMINISTRATION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Purchase of Rural Telephone Bank Capital Stock

[For the purchase of Class A stock of the Rural Telephone Bank,
\$28,710,000 to remain available until expended (7 U.S.C. 901-950 (b)).]

The change deletes the language authorizing purchase of capital stock. Since no appropriation is requested in fiscal year 1992 for purchase of Class A stock, retention of the language is unnecessary.

DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

Rural Telephone Bank

Purchase of Rural Telephone Bank Stock

Appropriation Act, 1991.....	\$28,710,000
Budget Estimate, 1992.....	--
Decrease in appropriation.....	<u>-28,710,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Change</u>	<u>1992 Estimated</u>
Purchase of Capital			
Stock	<u>\$28,710,000</u>	<u>-\$28,710,000</u>	<u>--</u>

Project Statement
(On basis of appropriation)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Decrease</u>	<u>1992 Estimated</u>
Purchase of Capital				
Stock	\$28,710,000	\$28,710,000	-\$28,710,000	--

EXPLANATION OF PROGRAM

The Rural Electrification Act of 1936, as amended, authorizes appropriations for the purchase of Class A stock in the Rural Telephone Bank by the U.S. Government. This account funds the purchase of Class A stock of the Rural Telephone Bank. The Federal Government has already provided \$592 million in low cost capital to the Bank--\$292 million over the \$300 million in capital called for in the original statute establishing the Bank. The second authorization, which funded an additional \$300 million capitalization, expires in fiscal year 1991.

JUSTIFICATION OF DECREASE

A decrease of \$28,710,000 for the purchase of capital stock.

Need for Change. Credit reform provides permanent indefinite borrowing authority to finance the unsubsidized portion of loans made.

Nature of Change. No additional capitalization by the Government is requested in fiscal year 1992.

RURAL ELECTRIFICATION ADMINISTRATION

The estimate includes appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Communication Development Fund:

To reimburse the Rural Communication Development Fund for interest subsidies and losses in making Community Antenna Television loans and loan guarantees under Sections 306 and 310B of the Consolidated Farm and Rural Development Act, as amended, [\$1,264,000] \$1,264,000.

DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

Rural Communication Development Fund

	<u>Appropriation</u>
<u>Community Antenna Television:</u>	
Appropriation Act, 1991	\$1,264,000
Budget Estimate, 1992	<u>1,264,000</u>
Change	<u> --</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Community Antenna Television:	<u>1991 Estimated</u>	<u>Change</u>	<u>1992 Estimated</u>
Appropriation for losses	<u>\$1,264,000</u>	<u> --</u>	<u>\$1,264,000</u>

An appropriation is requested in fiscal year 1992 to reimburse the fund for operating expenses that are not funded by annual principal repayments.

PROJECT STATEMENT
(On basis of appropriation)

Project	1990 Actual	1991 Estimated	Increase	1992 Estimated
Interest expense..	\$2,602,000	\$2,674,000	+\$58,000	\$2,732,000
Other funds				
available, net...	-1,273,000	-1,410,000	-58,000	-1,468,000
Total				
Appropriation..	<u>1,329,000</u>	<u>1,264,000</u>	<u> --</u>	<u>1,264,000</u>

EXPLANATION OF PROGRAM

The 1992 Budget does not propose a loan program since sufficient funding is available in the private sector. REA will continue to administer the existing program by making advances on previous loans and performing debt servicing.

RURAL ELECTRIFICATION ADMINISTRATION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

SALARIES AND EXPENSES

- 1 [For administrative expenses to carry out the provisions of the Rural Electrification Act of 1936, as amended (7 U.S.C. 901- 950(b)), and to administer the loan and loan guarantee programs for Community Antenna Television facilities as authorized by the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 - 1995) and for which commitments were made prior to fiscal year 1991, including not to exceed \$7,000 for financial credit reports, funds for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$103,000 for employment under 5 U.S.C. 3109, \$32,826,000:]. [Provided, that none of the funds in this Act may be used to authorize the transfer of funds to this account from the Rural Telephone Bank:] [Provided further, that not less than \$500,000 of this appropriation shall be expended to provide community and economic development technical assistance to rural electric and telephone systems by Rural Electrification Administration employees who are located within REA and assigned to REA's Rural Development Coordinator and who may not be reassigned or relocated to the Rural Information Center or other agency or office.]

[OFFICE OF THE ADMINISTRATOR]

- 2 [For necessary salaries and expenses of the Office of the Administrator of the Rural Electrification Administration, \$229,000: Provided, That no other funds in this act shall be available for this Office.]

The first change deletes all language pertaining to an appropriation for Salaries and Expenses. This change also deletes the provision in P.L. 101-506, Rural Development, Agriculture, and Related Agencies Appropriations Act, 1991, prohibiting the use of any funds in this Act to authorize the transfer of funds from the Rural Telephone Bank to the Salaries and Expenses account, and the provision in P.L. 101-506, Rural Development, Agriculture, and Related Agencies Appropriations Act, 1991, mandating technical assistance for community and economic development. In accordance with the Federal Credit Reform Act of 1990, all funding for a direct or guaranteed loan program shall be displayed as a distinct subaccount within the same budget account as the program's cost.

The second change deletes the provision in P.L. 101-506, Rural Development, Agriculture, and Related Agencies Appropriations Act, 1991, authorizing a separate appropriation for the Office of the Administrator. Funds for this office are included in the Agency's loan administration costs identified in the program accounts for the Rural Electrification and Telephone Revolving Fund and Rural Telephone Bank.

DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

Salaries and Expenses

Appropriation Act, 1991:	Appropriation
Salaries and Expenses.....	\$32,826,000
Office of the Administrator.....	229,000
Total, Appropriations, 1991.....	<u>33,055,000</u>
Budget Estimate, 1992.....	38,051,000
Increase in appropriation.....	<u>+4,996,000</u>

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

Item of Change	Items of Increase or Decrease				
	1991 Estimate	Pay Cost	FTS Training	ADP	Other 1992 Estimate
<u>Salaries and Expenses</u>					
Appropriation Requested.	<u>\$33,055,000</u>	<u>+2,105,000</u>	<u>+90,000</u>	<u>+32,000</u>	<u>+683,000</u>
					<u>+2,086,000</u>
<u>Administrative Expenses</u>					
contained in other Accounts:					
Rural Electric and Telephone Loan Program Account.....	25,452,350 a/	+1,620,850	+69,300	+24,640	+525,910
					+1,726,110
					29,419,160
Rural Telephone Bank Program Account.....	7,602,650 b/	+484,150	+20,700	+7,360	+157,090
					+359,890
					8,631,840
Office of Administrator c/....	(229,000)	--	--	--	--
					--
Total, available.....	<u>33,055,000</u>	<u>+2,105,000</u>	<u>+90,000</u>	<u>+32,000</u>	<u>+683,000</u>
					<u>+2,086,000</u>
					<u>+38,051,000</u>

a/ Excludes \$1,728,000 which was paid directly from the RETRF.

b/ Excludes \$136,000 which was paid directly from the RTB.

c/ Office of Administrator included within the Program Accounts for RETRF and RTB.

RURAL ELECTRIFICATION ADMINISTRATION

Salaries and Expenses

PROJECT STATEMENT
(on basis of appropriations)

Project	1990 Actual		1991 Estimated		Increase or		1992 Estimated	
	Amount	Staff :Years	Amount	Staff :Years	Decrease	Amount	Staff :Years	Amount
Salaries and Expenses								
Appropriation Request.....	\$31,318,000	526	\$33,055,000	524	+\$4,996,000	\$38,051,000	520	
Administrative Expenses								
contained in other Accounts:								
Rural Electric and Telephone								
Loan Program Account a/.....	23,719,246	403	25,452,350	401	+3,966,810	29,419,160	400	
Rural Telephone Bank Program								
Account b/.....	7,084,969	121	7,602,650	120	+1,029,190	8,631,840	120	
Office of the Administrator c/...	(178,794)	2	(229,000)	3	--	--	--	
Total estimate	30,804,215	526	33,055,000	524	+4,996,000	38,051,000	520	
Unobligated Balance:								
Salaries and Expenses.....	498,579	--						
Office of Administrator.....	15,206	--						
Total, administration of								
loan programs	31,318,000	526						

a/ Excludes \$224,558 in 1990 and \$1,728,000 in 1991 which was paid directly from RETRF.

b/ Excludes \$52,062 in 1990 and \$136,000 in 1991 which was paid directly from RTB.

c/ Office of Administrator included within the Program Accounts for RETRF and RTB.

EXPLANATION OF PROGRAM

The appropriation "Salaries and Expenses" of the Rural Electrification Administration funds the activities authorized by the Rural Electrification Act, as amended. Beginning in FY 1992, Salaries and Expenses will be appropriated to the program accounts of the RETRF and the RTB, as required by the Federal Credit Reform Act of 1990. The Act authorizes REA to provide to qualified electric and telephone organizations capital through insured loans and guarantees of loans by other lenders for electric and telephone service in rural areas comparable in reliability and quality to the service provided the rest of the nation. REA is also authorized by section 313 to make zero-interest loans and grants to REA borrowers for the purpose of promoting rural economic development and job creation projects. In addition to administering programs for making loans, assurance of feasibility and adequate security and collections on loans, the REA staff furnishes management and technical assistance to borrowers for the purpose of protecting the Government's loan security, to assure that construction and operation of borrowers' systems conform to approved standards, and that the electric and telephone systems continue providing reliable service on an area coverage basis.

Applications, Loans, and Requisitions for Advances
(Dollars in thousands)

	<u>Actual</u>		<u>Estimated</u>		<u>Estimated</u>		
	<u>Fiscal Year 1990</u>		<u>Fiscal Year 1991</u>		<u>Fiscal Year 1992</u>		
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	
<u>Electric Program</u>							
Insured loans approved.	163	622,050	127	485,453	132	504,958	a/
Guaranteed Loans,							
Private Sector.....	--	--	35	161,818	35	169,042	a/
Direct loans, FFB.....	2	72,439	50	813,450	--	--	a/
Advances processed							
(Insured Loans).....	879	747,102	700	595,000	540	460,000	
<u>Telephone Program</u>							
Insured loans approved.	46	238,141	36	186,547	37	194,042	b/
Guaranteed Loans,							
Private Sector.....	--	--	12	62,182	12	64,958	b/
RTB loans approved.....	25	177,018	25	177,045	18	125,000	
Direct loans, FFB.....	--	--	6	119,625	--	--	b/
Advances processed -							
REA borrowers.....	468	186,060	540	215,000	503	200,000	
RTB borrowers.....	140	107,695	165	127,000	179	138,000	

a/ Legislation will be proposed to finance this activity with private-sector loans. REA will guarantee \$600,000,000 in electric distribution loans with a 70-percent guarantee and \$500,000,000, in power supply loans with a 90-percent guarantee. Insured electric loans of \$200,000,000 will be available as a safety net and will be gradually phased down. REA will continue to review applications prior to providing a guarantee and provide management, technical, and engineering assistance to the borrowers.

b/ No RETRF insured telephone loans are proposed. All telephone loans will be shifted to the Rural Telephone Bank. Legislation will be proposed to establish a 70 percent guaranteed private sector loan program of \$275,000,000.

JUSTIFICATION OF INCREASES AND DECREASES

An increase of \$4,996,000 for administration of rural electrification, rural telephone, community antenna television and rural economic development loan programs (\$33,055,000 available in 1991), consisting of:

- (a) An increase of \$2,105,000 for annualization of the 1991 Pay Act which included a General Schedule increase of 4.1 percent and an increase of 22 percent for Senior Executive Service and Executive Schedule employees. Also included is the cost of an additional workday in fiscal year 1992 and the anticipated 5-percent pay raise for three quarters of the fiscal year. The costs of personnel benefits also increased due to Pay Act provisions, an increase in the FERS population, and increased agency contributions for the hospital insurance tax that resulted from the covered wage base change up to \$125,000.
- (b) An increase of \$683,000 to support the Office Automation Plan for the Agency. An additional 65 personal computers will cost an estimated \$436,000; \$50,000 will be required to develop a custom system or modify an off-the-shelf package to support the Loan Accounting and Management Post Approval System; computer supplies, \$65,000; additional software and equipment maintenance of \$69,000, and other associated automation charges for the Kansas City Computer Center, LAN drops and increased telemail will cost an additional \$63,000.
- (c) An increase of \$90,000 for additional training funds including \$60,000 to train employees to utilize the new computers and provide special instruction for computer programmers and ADP technical staff to remain current in the latest technology.
- (d) An increase of \$32,000 for one-time FTS 2000 communication system expenses.
- (e) An increase of \$2,086,000 which represents funding previously paid directly from the revolving funds. Under Credit Reform all administrative expenses are appropriated.

FEDERAL CROP INSURANCE CORPORATION

Purpose Statement

The Federal Crop Insurance Corporation is a wholly-owned Government Corporation created February 16, 1938 (7 U.S.C. 1501). The program was amended by P. L. 96-365, approved September 26, 1980, to provide for nationwide expansion of a comprehensive crop insurance program. The purpose of the Corporation is to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance.

The Federal Crop Insurance Corporation is charged with providing an actuarially sound, cost-sharing insurance program for agricultural producers to protect against production losses due to unavoidable causes. The crop insurance program constitutes a joint effort of the Government and the private insurance industry, both reinsured companies and sales and service contractors.

Major Activities

The Federal Crop Insurance Program comprises the following major activities:

(1) Underwriting, Actuarial, and Program Development which consists of the development by the Corporation of crop insurance programs and the establishment and maintenance of rates and coverages for crops in each county; (2) Reinsured Companies which consist of private insurance companies reinsured by FCIC which market and fully service (including loss adjustment and claims processing) policies of crop insurance and bear some risk on such policies; (3) Agency Sales and Service Contracts and Loss Adjustment consists of contracting with private insurance entities which sell and service FCIC crop insurance policies, but are not at risk. (These entities are commonly known as Master Marketers.) This activity also includes contracting with independent claims adjusters who perform loss adjustment services for insureds holding FCIC policies sold by master marketers, and the development of claims procedures; (4) Program Administration, which consists of the development and administration of reinsurance agreements and agency sales and service contracts, and development of strategies for increasing participation in the crop insurance program; and (5) Program Management and Administrative Support, includes the Board of Directors, the Manager's Office, staff offices reporting directly to the Manager's Office, as well as personnel management, finance and accounting, and support services; additionally, the compliance function is included in this program, providing oversight and quality control of reinsured and FCIC program service operations.

General Administration

The various crop insurance programs are planned, developed, and monitored by the FCIC headquarters office located in Washington, D.C., and its national operations office located in Kansas City, Missouri. The program is administered in the field through 16 field service offices and 11 field underwriting offices. Selling and servicing at the county level is performed primarily by agents operating for Federal contractors (under Agency Sales and Service agreements) and agents of reinsured companies. The adjustment of losses is performed by reinsured companies for their policies and by loss adjusters under contract with FCIC for FCIC policies sold by master marketers. ASCS provides some support on a reimbursable basis for the Corporation.

The Agency Sales and Service Contractors process and electronically transmit to the Kansas City mainframe computer, all data from Federally-insured policies except claims. The Kansas City, Missouri, office assists in the processing of all insurance documents (except those of the reinsured companies), records detailed accounting and statistical data, and prepares the required accounting, statistical, and management reports for business from all sources. This function is essentially automated.

As of September 30, 1990, there were 873 total employees with 729 permanent full-time and 144 other employees. Of the total employees, 100 permanent full-time and 3 other were located in the Washington, D.C., office.

A summary of changes in capital for fiscal year 1990, and estimates for fiscal years 1991 and 1992, follows:

	F.Y. 1990 Actual	F.Y. 1991 Estimated	F.Y. 1992 Estimated
Net capital at beginning of year...	\$385,418,614	\$472,823,976	\$316,207,330
Additions to Capital:			
Prior Year Adjustment (Note 1)...	102,917,386	0	0
Appropriation (Premium Subsidy)...	134,077,000	219,997,000	221,500,000
CCC Transfer.....	300,000,000	150,000,000	150,000,000
Appropriation (A&O Exp. Reimb.)..	28,862,000	117,368,000	87,282,000
7% transfer to A&O Appropriation.	-84,191,319	0	0
Subtotal.....	<u>867,083,681</u>	<u>960,188,976</u>	<u>774,989,330</u>
Income:			
Producer Premium:			
Government.....	72,765,000	65,453,136	66,450,000
Reinsurance.....	557,235,000	589,727,654	598,050,000
Total Producer Premium.....	<u>630,000,000</u>	<u>655,180,790</u>	<u>664,500,000</u>
Interest Income (Note 2).....	4,278,000	3,848,121	3,906,729
Other Income (Note 3).....	12,638,000	11,368,058	11,541,196
TOTAL INCOME.....	<u>646,916,000</u>	<u>670,396,969</u>	<u>679,947,925</u>
Expenses:			
Government Indemnities.....	144,831,673	122,518,385	115,180,000
Reinsurance Indemnities.....	821,168,327	1,106,028,667	1,036,620,000
Total Indemnities.....	<u>966,000,000</u>	<u>1,228,547,052</u>	<u>1,151,800,000</u>
Other Expenses (Bad debts, interest on claims, etc.)....	36,107,000	38,035,826	38,572,754
A&O Expenses Paid by the Fund....	39,068,705	47,795,737	57,882,380
TOTAL EXPENSES.....	<u>1,041,175,705</u>	<u>1,314,378,615</u>	<u>1,248,255,134</u>
Net Income or Loss (-).....	-394,259,705	-643,981,646	-568,307,209
NET CAPITAL, END OF YEAR.....	<u>\$472,823,976</u>	<u>\$316,207,330</u>	<u>\$206,682,120</u>
Analysis of Capital:			
Capital Stock.....	\$500,000,000	\$500,000,000	\$500,000,000
Treasury Borrowing.....	113,000,000	113,000,000	113,000,000
CCC Transfers.....	2,600,000,000	2,750,000,000	2,900,000,000
Paid-in-Capital:			
Paid-in surplus.....	37,978,470	37,978,470	37,978,470
Appropriation (premium subsidy)...	1,112,681,000	1,332,678,000	1,554,178,000
Appropriation (Reimbursement of A&O expenses).....	81,403,000	198,771,000	286,053,000
Cum. surplus(+)/deficit(-).....	<u>-3,972,238,494</u>	<u>-4,616,220,140</u>	<u>-5,184,527,350</u>
NET CAPITAL, END OF YEAR.....	<u>\$472,823,976</u>	<u>\$316,207,330</u>	<u>\$206,682,120</u>

Notes to Capital Table:

F.Y. 1990

- | | |
|--|---------------|
| 1. Prior year premium adjustment.....
(As per the Fiscal Year GAO Audit for 1989.) | \$102,917,386 |
| 2. Interest Income.....
(Interest received from policyholders and/or insurance
companies on amounts owed to FCIC.) | \$4,278,000 |
| 3. Other Income.....
(Net credit resulting from final settlement of litigation
at amounts less than the estimated liability accrued in
previous years.) | \$12,638,000 |

FEDERAL CROP INSURANCE CORPORATION

Available Funds and Staff-Years
1990 Actual and Estimated 1991 and 1992
 (dollars in thousands)

	1990 Actual	:	1991 Estimated	:	1992 Estimated	
	Amount	:	Amount	:	Amount	Staff-Years
ADMINISTRATIVE AND OPERATING EXPENSES:		:		:		
A&O Appropriation....	\$237,694	:	\$325,857	:	\$322,870	
Intra-agency Transfer from Fund.....	84,191	:	0	:	0	
TOTAL, A&O ADJUSTED APPROPRIATION.....	^{a/} \$321,885	:	\$325,857	:	\$322,870	865
FCIC FUND:		:		:		
Premium Subsidy.....	134,077	:	219,997	:	221,500	
Restoration of Prior Year A&O Expenses (Paid by Fund).....	28,862	---	117,368	---	87,282	---
TOTAL, FCIC FUND.....	162,939	---	337,365	---	308,782	---
TOTAL FCIC ADJUSTED APPROPRIATION.....	484,824	---	663,222	---	631,652	---
CCC Transfers.....	300,000	---	150,000	---	150,000	---
TOTAL, FCIC AVAILABLE FUNDS.....	\$784,824	---	\$813,222	---	\$781,652	---

a/ Excludes funds available to the FCIC Commission: \$900,000 in 1990 and \$651,000 in 1991.

Full-Time Equivalent Staff-Years:	1990 Actual	1991 Estimated	1992 Estimated
Ceiling.....	854	865	865
Non-ceiling.....	10	10	10
Total.....	<u>864</u>	<u>875</u>	<u>875</u>

FEDERAL CROP INSURANCE CORPORATION										
Permanent Positions by Grade and Staff-Year Summary										
1990 and Estimated 1991 and 1992										
GRADE	1990			1991			1992			TOTAL
	HEADQUARTERS	FIELD	TOTAL	HEADQUARTERS	FIELD	TOTAL	HEADQUARTERS	FIELD	TOTAL	
ES-5	1	1	2	1	1	2	1	1	2	2
ES-4	0	0	0	0	0	0	0	0	0	0
ES-3	0	0	0	0	0	0	0	0	0	0
GS/GM-16	0	0	0	0	0	0	0	0	0	0
GS/GM-15	4	6	10	4	6	10	4	6	10	10
GS/GM-14	3	12	15	3	12	15	3	12	15	15
GS/GM-13	42	49	91	44	47	91	46	49	95	95
GS-12	80	154	234	79	152	231	81	155	236	236
GS-11	13	160	173	10	164	174	10	162	172	172
GS-10	1	0	1	1	0	1	0	0	0	0
GS-9	14	16	30	19	19	38	17	16	33	33
GS-8	12	2	14	12	2	14	12	2	14	14
GS-7	38	14	52	33	14	47	32	16	48	48
GS-6	12	7	19	12	7	19	12	7	19	19
GS-5	20	61	81	20	57	77	19	57	76	76
GS-4	4	26	30	7	26	33	7	25	32	32
GS-3	6	1	7	7	1	8	7	1	8	8
GS-2	1	0	1	0	0	0	0	0	0	0
Total Perm. Pos. a/	251	509	760	252	508	760	251	509	760	760
Total Staff - Years:										
Ceiling.....	301	553	854	307	558	865	307	558	865	865
Non-Ceiling.....	2	8	10	2	8	10	2	8	10	10
TOTAL	303	561	864	309	566	875	309	566	875	875

HEADQUARTERS: Includes Personnel, Finance, Support Services, Claims, IRMB, and Program Management Support Branch, functions located in Kansas City, MO.

FIELD: Includes Field Service Offices, Field Underwriting Offices, Compliance Field Offices, and Kansas City Actuarial and Underwriting Offices.

a/ The Federal Crop Insurance Act of 1980, as amended, restricts the Corporation from employing more than 760 permanent full-time employees.

FEDERAL CROP INSURANCE CORPORATION
 Classification By Objects
1990 and Estimated 1991 and 1992
 (dollars in thousands)

ADMINISTRATIVE AND OPERATING EXPENSES:	1990	1991	1992
Personnel Compensation:			
Headquarters <u>a</u> /.....	5,282	5,893	6,114
Field.....	22,518	25,122	26,064
11 Total Personnel Compensation...	27,800	31,015	32,178
12 Personnel Benefits.....	5,508	6,512	6,756
13 Benefits for Former Personnel..	155	161	167
Total Personnel Compensation and Benefits.....	33,463	37,688	39,101
Other Object Classes:			
21 Travel.....	2,482	3,108	3,108
22 Transportation of Things.....	289	767	767
23 Communications, Utilities, and Other Rent.....	3,786	4,519	4,519
24 Printing and Reproduction.....	242	830	830
25 Other Services.....	3,396	5,716	5,065
25 Other Contracts <u>b</u> /.....	8,977	12,342	14,929
25 ASCS Agreement.....	6,939	5,215	5,215
25 Reinsurance Admin Expenses....	255,761	249,207	239,220
25 Master Marketing Expenses.....	5,000	4,430	4,430
25 Loss adjustment contracting....	0	0	0
26 Supplies and Materials.....	699	822	822
31 Equipment.....	1,082	1,860	4,860
32 Land and Structures.....	4	0	0
42 Insurance Claims/Indemnities...	10	1	2
43 Interest and Dividends.....	4	3	2
Total, Other Object Classes....	288,672	288,820	283,769
TOTAL, DIRECT A&O OBLIGATIONS.....	<u>\$322,134</u>	<u>\$326,508</u>	<u>\$322,870</u>
FCIC FUND:			
25 A&O Expenses Paid from Fund....	39,069	47,796	57,882
42 Indemnities:			
Government.....	144,832	122,518	115,180
Reinsurance.....	821,168	1,106,029	1,036,620
Total Indemnities.....	966,000	1,228,547	1,151,800
92 Undistributed.....	36,107	38,036	38,573
TOTAL DIRECT OBLIGATIONS, FCIC FUND..	<u>\$1,041,176</u>	<u>\$1,314,379</u>	<u>\$1,248,255</u>
TOTAL DIRECT OBLIGATIONS, FCIC.....	<u>\$1,363,310</u>	<u>\$1,640,887</u>	<u>\$1,571,124</u>
Position Data:			
Average Salary, SES positions	\$80,300	\$102,550	\$106,400
Average Salary, GS/GM positions	\$32,529	\$33,830	\$35,014
Average Grade, GS/GM positions	10.12	10.18	10.18

a/ Headquarters includes all Washington, D.C. employees, and Kansas City, MO employees in Support Services, Personnel, Budget, and Finance.

b/ Includes ADP; Internal Management Studies; Statistical Data-NASS; Advertising; National Finance Center; and FTS.

FEDERAL CROP INSURANCE CORPORATION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Administrative and Operating Expenses:

For administrative and operating expenses, as authorized by the Federal Crop Insurance Act, as amended (7 U.S.C. 1516), [such funds as necessary] \$322,870,000: Provided, that not to exceed \$700 shall be available for official reception and representation expenses, as authorized by 7 U.S.C. 1506(i).

FEDERAL CROP INSURANCE CORPORATION

Administrative and Operating Expenses - Current Law

Appropriation Act, 1991.....	\$325,857,000
Budget Estimate, 1992.....	<u>322,870,000</u>
Decrease in Appropriation.....	<u>-2,987,000</u>

Administrative and Operating Expenses - Proposed Legislation

1992 Budget estimate, Current Law.....	\$322,870,000
Change due to proposed legislation.....	<u>-34,120,000</u>
Net Request, President's 1992 Budget Request.....	<u>288,750,000</u>

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
(on basis of appropriation)

ITEM OF CHANGE:	1991 Estimated	Pay Cost	Program Changes	1992 Estimated
1. Underwriting, Actuarial and Program Develop...	\$14,650,000	\$353,000	0	\$15,003,000
2. Reinsured Companies.....	249,207,000	0	-\$9,987,000	239,220,000
3. Agency Sales & Service Agreements and Loss Adjust. Contracts.....	26,780,000	526,000	0	27,306,000
4. Program Administration..	3,626,000	59,000	0	3,685,000
5. Program Management and Administrative Supp...	31,594,000	475,000	5,587,000	37,656,000
Total Appropriation.....	<u>\$325,857,000a/</u>	<u>\$1,413,000</u>	<u>-\$4,400,000</u>	<u>\$322,870,000 b/</u>

a/ Does not include \$47,796,000 of administrative and operating expenses paid out of the FCIC Fund.

b/ Does not include \$57,882,000 of administrative and operating expenses paid out of the FCIC Fund.

PROJECT STATEMENT--CURRENT LAW
Administrative and Operating Expenses
(on basis of appropriation)
(dollars in thousands)

	1990 Actual		1991 (Est.)		Increase(+):	1992 (Est.)		
	Amount	SY	Amount	SY	Decrease(-):	Amount	SY	
1. Underwriting,								
Actuarial and								
Prog. Develop.	\$12,644	210:	\$14,650	213:	+\$353(1)	\$15,003	213:	
2. Reinsured								
Companies.....	255,761	0:	249,207	0:	-9,987(2)	239,220	0:	
3. Agency Sales &								
Service Agree-								
ment & Loss								
Adj. Contracts:	27,018	316:	26,780	320:	+526(3)	27,306	320:	
4. Program Admini-								
stration.....	2,486	35:	3,626	35:	+59(4)	3,685	35:	
5. Program Manage-								
ment & Admin.								
Support.....	23,976	293:	31,594	297:	+6,062(5)	37,656	297:	
Total								
Available.....	321,885	854:	325,857	865:	-\$2,987	\$322,870	865:	
Intra-agency								
Transfer.....	-84,191	0:	0	0:				
Total								
Appropriation..	\$237,694	854:	\$325,857	865:				

PROJECT STATEMENT--CURRENT LAW
Administrative and Operating Expenses
(on basis of available funds)
(dollars in thousands)

	1990 Actual		1991 (Est.)		Increase(+):	1992 (Est.)		
	Amount	SY	Amount	SY	Decrease(-):	Amount	SY	
1. Underwriting,								
Actuarial and								
Prog. Develop.	\$12,644	210:	\$14,650	213:	+\$353	\$15,003	213:	
2. Reinsured com-								
panies.....	274,910	0:	279,090	0:	0	279,090	0:	
3. Agency Sales &								
Service Agree-								
ment & Loss								
Adjust. Contr..	46,938	316:	45,094	320:	+224	45,318	320:	
4. Program Admin-								
istration.....	2,486	35:	3,626	35:	+59	3,685	35:	
5. Program Manage-								
ment & Adminis-								
trative Supp....	23,976	293:	31,594	297:	+6,062	37,656	297:	
6. Commission Exp.	249		250		-250	0		
Total								
Available.....	361,203	854:	374,304	865:	+6,448	380,752	865:	
Unobligated								
Balance, S.O.Y..	-900	0:	-651	0:	+651	0	0:	
Unobligated								
Balance, E.O.Y..	651	0:	0	0:	0	0	0:	
Paid from FCIC								
Fund.....	-39,069	0:	-47,796	0:	-10,086	-57,882	0:	
Intra-agency								
Transfer.....	-84,191	0:	0	0:	0	0	0:	
Total								
Appropriation..	\$237,694	854:	\$325,857	865:	-\$2,987	\$322,870	865:	

EXPLANATION OF PROGRAM

The appropriation, "Administrative and Operating Expenses," of the Federal Crop Insurance Corporation, provides funding for support of program activities authorized by the Federal Crop Insurance Act, as amended (7 U.S.C. 1501-1520).

The fiscal year 1992 appropriation request for administrative and operating expenses will enable the Corporation to fund the same program level currently estimated for crop year 1991, \$886 million in premium sales. In accordance with provisions of the Food, Agriculture, Conservation and Trade Act of 1990, and directives contained in the 1991 Appropriation Bill, FCIC is reviewing its coverage provisions and will be raising rates in order to meet actuarial sufficiency. It is anticipated that the increased rates will result in a modest reduction in producer participation from 41 percent in 1991 to 39 percent in 1992. The major portion of administrative and operating expenses funds the program's delivery systems which are authorized by the Federal Crop Insurance Act under Section 507(c), and are listed below.

(1) Reinsured companies provide insurance marketing, underwriting, servicing, training, quality control, statistical processing and reporting, and loss adjustment functions. As risk-bearers, the companies also share, on a limited basis, with FCIC in both profits and losses. It is estimated that reinsured companies will handle insurance sales amounting to about 90 percent of the premium during crop year 1992.

(2) Agency Sales and Service Agreements (Master Marketing Agreements). Under this type of agreement, private insurance companies and associations are offered the opportunity to contract with FCIC to provide insurance sales and services. The contractors do not carry any risk on the policies sold. They are compensated on a commission basis. All claims adjustments are conducted by independent claims adjustment contractors with FCIC. It is estimated that for crop year 1992 about 10 percent of the premium will be handled under this delivery system.

(3) Existing ASCS Offices will provide FCIC information and support, collect data and assist FCIC in establishing farm yields. Upon request from FCIC, they will sell and service all-risk crop insurance in existing county offices where an adequate private sales and service force is not available.

The activities carried out by the Corporation follow:

Underwriting, Actuarial and Program Development - This activity covers the underwriting function that determines and establishes insurance coverages and premium rates, by crop, for different farming practices (summer fallow, continuous cropping, irrigation, etc.) in each county. Also, in each county, insurance coverages and premium rates are broken down by yield groups to reflect variation in productivity and in risk of loss. Crop insurance coverages must be established and maintained for each crop in each county. In addition, new programs are researched and developed, and existing ones are reviewed for improvement of contract provisions and proposals.

Field underwriters review and recommend revision of local rates on a cyclic basis to refine the actuarial structure.

Reinsured Companies - Reinsured companies provide insurance marketing, underwriting, servicing, training, quality control, statistical processing reporting, and loss adjustment functions. The companies also share with FCIC in both profits and losses.

Agency Sales and Service Contracts and Loss Adjustment Contracts - Under Agency Sales and Service Contracts, companies and associations are offered the opportunity to contract with FCIC to provide insurance sales and limited services for policies written by FCIC. For these policies, the loss adjustment work is performed by adjusters under individual contracts with FCIC.

Program Administration - This activity is responsible for the administration of the Reinsurance Agreements and Agency Sales and Service Contracts and developing strategies for increasing participation in the crop insurance program.

Program Management and Administrative Support - This activity includes all management and administrative support functions in both Washington, D.C. and Kansas City, Missouri. Included are the following functions: administrative support functions of finance, budget, management services, personnel management for the Corporation, and reviews of the activities of the reinsured companies, master marketers and FCIC loss adjusters, to assure compliance and uniformity in loss adjustment procedures, training development, and quality control methods.

The following table summarizes the estimated level of crop insurance operations for crop years 1990, 1991, and 1992. These indicators form the basis of program delivery costs.

	Crop Year 1990	Crop Year 1991	Crop Year 1992
Premiums (\$000).....	\$840,000	\$886,000	\$886,000
Government Operations.....	97,000	88,600	88,600
Reinsurance Operations ...	743,000	797,400	797,400
Premium Subsidy included above (\$000).....	210,000	221,500	221,500
Insurance in Force (\$000)...	12,777,030	12,841,805	12,230,290
Insured Acres (000).....	101,151	101,664	96,823
Counties.....	3,026	3,026	3,026
County Programs.....	21,347	21,347	21,347
Loss Ratio.....	1.15	1.40	1.30

OIG Reports:

During Fiscal Year 1990, the Office of Inspector General (OIG) issued eight (8) major program audits and twenty-seven (27) individual policy audits. The following audits were reported in OIG's Semi-Annual Report to Congress as unresolved within the appropriate timeframe:

- . 05099-15-CH RE: Hybrid Seed Crop Insurance.
- 05099-32-Te RE: Audit of Claims Adjusted by Crop Hail Management for Indemnities by Producers who Received Large Payments from ASCS.

GAO REPORTS:

During Fiscal Year 1990, the General Accounting Office (GAO) issued four (4) audits reports; Federal Crop Insurance Corporation has responded to all reports. The report titles are as follows:

- RCED-90-32 RE: Private Company Loss Adjustment Improving, but Overpayments Still High - GAO made no recommendations.
- AFMD-90-43 RE: FCIC's Fiscal Year 1988 Financial Statements - FCIC responded 4/90, audit closed.
- GGD-90-100 RE: Financial Disclosure: USDA's Systems Limited by Insufficient Top Management Support - FCIC submitted comments to the Department 9/90.
- AFMD-90-107 RE: Financial Audit: FCIC's Financial Statements for 1989 and 1988 - GAO made no recommendations; however, GAO concurred in the three recommendations of the independent auditors, two of which were considered to be material weaknesses: namely, improved oversight of reinsured companies, and improved controls in processing and payment of administrative expenses. Management's comments were incorporated in the audit, audit closed.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) Underwriting, Actuarial, and Program Development - An increase of \$353,000 (\$14,650,000 available in FY 1991) to cover the 1992 pay cost increase:

The following table reflects the cost and staff-year distribution of this activity for fiscal years 1991 and 1992:

On the Basis of Appropriation

Function	1991		1992		Change 1992 over 1991	
	Staff:		Staff:		Staff:	
	Years:	Cost	Years:	Cost	Years:	Cost
1. Actuarial Analysis & Program Development...	94	\$6,446,000	94	\$6,601,000	0	155,000
2. Field Underwriting....	119	8,204,000	119	8,402,000	0	198,000
Total.....	213	\$14,650,000	213	\$15,003,000	0	\$353,000

- (2) Reinsured Companies - The decrease of \$9,987,000 (\$249,207,000 available in FY 1991) is due to less reinsurance expense being paid from direct A&O appropriations in FY 1992 and more being paid from the revolving fund (see footnotes a and b). In total, there is no change in funding (\$279,090,000 for 1991 and 1992) for this activity because the premium level for both years is the same (\$886 million).

The following table reflects the cost and staff-year distribution of this activity for fiscal years 1991 and 1992:

On the Basis of Appropriation

Function	1991		1992		Change 1992 over 1991	
	Staff:		Staff:		Staff:	
	Years:	Cost	Years:	Cost	Years:	Cost
1. Reinsurance Administrative Expenses.....	0	\$249,207,000	0	\$239,220,000	0	-\$9,987,000

a/ Does not include \$29,883,000 estimated to be paid out of the FCIC Fund.

b/ Does not include \$39,870,000 estimated to be paid out of the FCIC Fund.

- (3) Agency Sales and Service Agreements and Loss Adjustment Contracts - An increase of \$526,000 (\$26,780,000 available in FY 1991) to cover the 1992 pay cost increases:

The following table reflects the cost and staff-year distribution of this activity for fiscal years 1991 and 1992:

On the Basis of Appropriation

Function	1991		1992		Change 1992 over 1991	
	Staff:		Staff:		Staff:	
	Years:	Cost	Years:	Cost	Years:	Cost
1. Agency Sales and Service Agreements (MMA's).....	0	\$4,430,000	0	\$4,430,000	0	0
2. Loss Adjustment Contracts.....	0	0	0	0	0	0
3. ASCS Agreement.....	0	5,215,000	0	5,215,000	0	0
4. Field Services.....	250	13,387,000	250	13,798,000	0	411,000
5. Other (Prog. Supp.).....	70	3,748,000	70	3,863,000	0	115,000
Total.....	320	\$26,780,000	320	\$27,306,000	0	\$526,000

a/ Does not include \$13,290,000 estimated to be paid out of FCIC Fund for master marketing agent expenses.

b/ Does not include \$5,023,000 for 1991 and \$4,722,000 for 1992 estimated to be paid out of FCIC Fund for loss adjustment contractors.

(4) Program Administration - An increase of \$59,000 (\$3,626,000 available in FY 1991) to cover the 1992 pay cost increase.

The following table reflects the cost and staff-year distribution of this activity for fiscal years 1991 and 1992:

On the Basis of Appropriation

Function	1991		1992		Change 1992 over 1991	
	Staff:		Staff:		Staff:	
	Years:	Cost	Years:	Cost	Years:	Cost
1. Program Administration	35	\$3,626,000	35	\$3,685,000	0	\$59,000

(5) Program Management and Administrative Support - An increase of \$6,062,000 (\$31,594,000 available in FY 1991) consisting of:

(a) An increase of \$3,000,000 for the acquisition of computer hardware and software for the upgrade of the current antiquated computer system, and \$2,587,000 for ADP related contracts.

(b) An increase of \$475,000 to cover the 1992 pay cost increase.

The following table reflects the cost and staff-year distribution of this activity for fiscal years 1991 and 1992:

On the Basis of Appropriation

Function	1991		1992		Change 1992 over 1991	
	Staff:		Staff:		Staff:	
	Years:	Cost	Years:	Cost	Years:	Cost
1. Headquarters.....	94	\$10,268,000	94	\$12,239,000	0	+\$1,971,000
2. Kansas City.....	121	16,050,000	121	19,129,000	0	+3,079,000
3. Compliance.....	82	5,276,000	82	6,288,000	0	+1,012,000
Total.....	297	\$31,594,000	297	\$37,656,000	0	+\$6,062,000

FEDERAL CROP INSURANCE CORPORATION
ADMINISTRATIVE AND OPERATING EXPENSES
SUMMARY OF PROPOSED LEGISLATION
SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

<u>ITEM OF CHANGE:</u>	1992		
	<u>Current Law</u>	<u>Program Changes</u>	<u>President's Request</u>
Total Premium	\$886,000,000	-\$116,000	\$770,000,000
1. Underwriting, Actuarial, and Program Development...	14,650,000	0	14,650,000
2. Reinsured Companies.....	239,220,000	-31,320,000	207,900,000
3. Agency Sales & Service Agreements and Loss Adjustment Contracts.....	26,780,000	-2,800,000	23,980,000
4. Program Administration....	3,626,000	0	3,626,000
5. Program Management and Administrative Support....	38,594,000	0	38,594,000
Total Available.....	<u>\$322,870,000</u>	<u>-\$34,120,000</u>	<u>\$288,750,000</u>

Explanation of Proposed Legislation

For 1992, the Department is submitting budget estimates under proposed and existing legislation. Under proposed legislation, premium subsidy would be reduced to 15 percent of the risk premium. Currently, the premium subsidy averages about 25 percent of the risk premium. The proposed legislation would also provide for the inclusion of certain delivery costs in the premium rate, although the government would continue to pay these costs. This change would make delivery costs more visible and premium rates more consistent with private sector present practices. Reinsurance companies would also be allowed to compete by reduced delivery costs and passing on the savings to farmers through reduced farmer-paid premiums. Under proposed legislation, participation is estimated to decline somewhat as a result of the reduction in premium subsidy.

UNITED STATES DEPARTMENT OF AGRICULTURE
FEDERAL CROP INSURANCE CORPORATION
Geographic Breakdown of Obligations and Staff Years
1990 Actual and Estimated 1991 and 1992

	1990 Actual		1991 Estimated		1992 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Administrative and Operating Expenses:						
ALABAMA.....	5,495,267	0	5,521,743	0	5,441,627	0
ARIZONA.....	1,457,660	0	1,463,948	0	1,443,274	0
ARKANSAS.....	2,798,337	0	2,812,329	0	2,770,567	0
CALIFORNIA.....	33,641,725	27	33,789,934	27	33,241,725	27
COLORADO.....	2,853,338	0	2,866,605	0	2,825,568	0
CONNECTICUT.....	1,339,499	0	1,346,196	0	1,325,114	0
DELAWARE.....	1,427,288	0	1,434,424	0	1,413,903	0
DISTRICT OF COLUMBIA..	12,024,612	118	13,147,100	123	12,167,264	123
FLORIDA.....	11,249,553	0	11,305,801	0	10,872,473	0
GEORGIA.....	8,687,269	12	8,730,705	12	8,685,269	12
HAWAII.....	669,250	0	672,596	0	662,558	0
IDAHO.....	4,189,289	0	4,210,235	0	4,148,134	0
ILLINOIS.....	11,920,395	28	11,979,997	28	11,919,395	28
INDIANA.....	3,072,356	15	3,087,718	15	3,071,356	15
IOWA.....	5,909,414	22	5,938,961	22	5,908,414	22
KANSAS.....	28,344,968	33	28,466,693	33	28,044,968	33
KENTUCKY.....	5,595,672	0	5,622,650	0	5,594,672	0
LOUISIANA.....	5,496,267	0	5,522,748	0	5,441,727	0
MAINE.....	1,338,499	0	1,344,191	0	1,325,114	0
MARYLAND.....	2,677,999	0	2,690,389	0	2,650,229	0
MASSACHUSETTS.....	1,338,499	0	1,344,191	0	1,325,114	0
MICHIGAN.....	2,809,452	0	2,822,499	0	2,781,682	0
MINNESOTA.....	7,379,066	46	7,414,961	46	7,359,066	46
MISSISSIPPI.....	9,978,635	26	10,027,528	26	8,968,635	26
MISSOURI.....	35,050,690	303	36,980,184	309	34,506,759	309
MONTANA.....	5,253,234	32	5,278,500	32	5,203,079	32
NEBRASKA.....	5,376,682	14	5,403,294	14	5,326,835	14
NEW JERSEY.....	1,339,499	0	1,346,196	0	1,325,114	0
NEW MEXICO.....	1,471,565	0	1,478,923	0	1,457,180	0
NEW YORK.....	4,229,831	0	4,250,980	0	4,188,676	0
NORTH CAROLINA.....	8,778,571	42	8,822,464	42	8,678,571	42
NORTH DAKOTA.....	3,373,163	17	3,390,029	17	3,372,163	17
NEVADA.....	1,339,499	0	1,346,196	0	1,325,114	0
OHIO.....	5,486,450	0	5,513,882	0	5,467,533	0
OKLAHOMA.....	6,149,288	11	6,180,034	11	6,099,288	11
OREGON.....	5,354,998	0	5,381,773	0	5,300,458	0
PENNSYLVANIA.....	8,346,226	17	8,387,957	17	8,546,976	17
RHODE ISLAND.....	1,338,499	0	1,345,191	0	1,325,114	0
SOUTH CAROLINA.....	5,806,335	18	5,835,367	18	5,761,335	18
SOUTH DAKOTA.....	1,510,732	0	1,518,286	0	1,496,347	0
TENNESSEE.....	3,048,010	17	3,063,250	17	3,038,010	17
TEXAS.....	25,878,406	37	26,007,798	37	29,929,104	37
UTAH.....	1,339,501	0	1,346,199	0	1,338,501	0
VERMONT.....	1,338,499	0	1,345,191	0	1,325,114	0
VIRGINIA.....	2,833,542	0	2,847,710	0	2,785,022	0
WASHINGTON.....	7,372,372	19	7,409,234	19	7,342,372	19
WEST VIRGINIA.....	1,339,499	0	1,346,196	0	1,335,813	0
WISCONSIN.....	5,513,132	0	5,540,698	0	5,449,592	0
WYOMING.....	1,571,468	0	1,578,321	0	1,557,083	0
TOTAL ADMINISTRATIVE & OPERATING EXPENSE	322,134,000	854	326,508,000	865	322,870,000	865

FEDERAL CROP INSURANCE CORPORATION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Federal Crop Insurance Corporation Fund

For payments as authorized by section 508(b) of the Federal Crop Insurance Act, as amended, [\$337,365,000] \$308,782,000 of which [\$117,368,000] \$87,282,000 is to reimburse the Federal Crop Insurance Corporation Fund for agents' commissions and loss adjustment obligations incurred during prior years, but not previously reimbursed, as provided for under the provisions of section 516(a) of the Act.

FEDERAL CROP INSURANCE CORPORATION

Federal Crop Insurance Corporation Fund - Current Law

Appropriation Act, 1991.....	\$337,365,000
Budget Estimate, 1992.....	308,782,000
Decrease in Appropriation.....	<u>-\$28,583,000</u>

Federal Crop Insurance Corporation Fund - Proposed Legislation

1992 Budget Estimate, Current Law.....	\$308,782,000
Change due to Proposed Legislation.....	-106,000,000
Net request, President's 1992 Budget Request.....	<u>202,782,000</u>

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
(on basis of appropriation)

ITEM OF CHANGE:	1991 Estimated	Program Changes	1992 Estimated
1. Premium Subsidy.....	\$219,997,000	+\$1,503,000	\$221,500,000
2. Reimbursement of A&O			
Exp. Paid by Fund....	117,368,000	-30,086,000	87,282,000
Total Available.....	<u>\$337,365,000</u>	<u>-\$28,583,000</u>	<u>\$308,782,000</u>

PROJECT STATEMENT
(on basis of appropriation)
Current Law

	: 1990	: 1991	: Increase(+)	: 1991	:
	: Actual	: Estimated	: Decrease(-)	: Estimated	:
ITEM OF CHANGE:	:	:	:	:	:
1. Premium Subsidy :	\$134,077,000	\$219,997,000	+\$1,503,000(1)	\$221,500,000	:
2. Reimbursement of:	:	:	:	:	:
Admin. & Oper. :	:	:	:	:	:
Exp. Pd. by Fund:	28,862,000	117,368,000	-30,086,000(2)	87,282,000	:
Total Available.....:	\$162,939,000	\$337,365,000	-\$28,583,000	\$308,782,000	:

PROJECT STATEMENT
(on basis of available funds)
Current Law

	1990	1991	Change	1992
	Actual	Estimated		Estimated
FCIC FUND:				
Indemnities:				
Reinsurance.....	\$821,168,327	\$1,106,028,667	-\$69,408,667	\$1,036,620,000
Government.....	144,831,673	122,518,385	-7,338,385	115,180,000
Other Expenses...	36,107,000	38,035,826	+536,928	38,572,754
Admin. Expenses				
Paid from Fund...	39,068,705	47,795,737	+10,086,643	57,882,380
Total Expenses....	1,041,175,705	1,314,378,615	-66,123,481	1,248,255,134
Offsetting collec-				
tions from non-				
Federal sources:				
Producer Prem..	-630,000,000	-655,180,790	-9,319,210	-664,500,000
Other Income...	-16,916,000	-15,216,179	-231,745	-15,447,924
Total Available...	-646,916,000	-670,396,969	-9,550,955	-679,947,924
Unobligated Bal.,				
Start of Year....	-488,336,000	-472,823,976	156,616,646	-316,207,330
Intra-agency				
Transfer to A&O..	84,191,319	0	0	0
CCC Transfers.....	-300,000,000	-150,000,000	50,000,000	-150,000,000
Unobligated Bal.,				
End of Year.....	472,823,976	316,207,330	-159,525,210	206,682,120
TOTAL				
APPROPRIATION....	\$162,939,000	\$337,365,000	-\$28,583,000	\$308,782,000

EXPLANATION OF PROGRAM

The Federal Crop Insurance Act of 1980, as amended, authorizes the payment of up to 30 percent of the adjusted insurance premium of each producer participating in the program. Subsidies will be paid by the Corporation based upon 30 percent of the risk premium (reduced, where applicable, for hail and fire exclusion) on any coverage under the Corporation's policy of insurance of up to a maximum of 65 percent of the recorded or appraised yield, and encourage the broadest possible participation of agricultural producers in the program.

The Corporation's budget is presented in accordance with Generally Accepted Accounting Principles (GAAP), Financial Accounting Standards Board (FASB), Statement No. 5, "Accounting for Contingencies," and/or Statement No. 60, "Accounting and Reporting by Insurance Enterprises."

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$1,503,000 for premium subsidy (\$219,997,000 available in fiscal year 1991) for a total fiscal year 1992 requirement of \$221,500,000.

Need for Change. The Federal Crop Insurance Act, as amended, authorizes the Corporation to subsidize producer premium. The amount of subsidy required for fiscal year 1992 is \$221,500,000, to support the total premium of \$886,000,000.

Nature of Change. This increase will provide premium subsidy of 25 percent of the total premium level estimated for fiscal year 1992.

- (2) A decrease of \$30,086,000 for reimbursement of Administrative and Operating Expenses paid by the Fund (\$117,368,000 reimbursed in fiscal year 1991).

Need for Change. In fiscal year 1991, \$117,368,000 was appropriated to the FCIC Fund to reimburse administrative and operating expenses paid by the Fund in prior years. For FY 1992, \$87,282,000 is being requested for reimbursement to the FCIC Fund for A&O expenses paid from the Fund and not previously reimbursed.

Nature of Change. This decrease represents less reimbursement required to replenish the Fund for A&O expenses paid from the Fund.

FEDERAL CROP INSURANCE CORPORATION
FEDERAL CROP INSURANCE FUND
SUMMARY OF PROPOSED LEGISLATION
SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

ITEM OF CHANGE:	1992		
	Current Law	Program Changes	President's Request
Total Premium	\$986,000,000	-\$116,000,000	\$770,000,000
1. Premium Subsidy.....	221,500,000	-106,000,000	115,500,000
2. Reimbursement of Administrative & Operating Expenses Paid by Fund.....	87,282,000	0	87,282,000
Total Available.....	<u>\$308,782,000</u>	<u>-\$106,000,000</u>	<u>\$202,782,000</u>

Explanation of Proposed Legislation

For 1992, the Department is submitting budget estimates under existing proposed legislation. Under existing legislation, the 1992 estimates assume continuation of the existing program, with actuarial reforms resulting in reductions in both participation and loss ratios. Under proposed legislation, premium subsidy would be reduced to 15 percent of the risk premium. Currently, the premium subsidy averages about 25 percent of the risk premium. The proposed legislation would also provide for the inclusion of certain delivery costs in the premium rate, although the government would continue to pay these costs. This change would make delivery costs more visible and premium rates more consistent with private sector present practices. Reinsurance companies would also be allowed to compete by reduced delivery costs and passing on the savings to farmers through reduced farmer-paid premiums. Under proposed legislation, participation is estimated to decline somewhat as a result of the reduction in premium subsidy.

UNITED STATES DEPARTMENT OF AGRICULTURE
FEDERAL CROP INSURANCE CORPORATION
Geographic Breakdown Of Obligations And Staff-Years
1990 Actual and Estimated 1991 and 1992

	1990 Actual		1991 Estimated		1992 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
<u>UNDISTRIBUTED *</u>						
Federal Crop Insurance						
Crop Insurance Fund:						
Reinsurance.....	\$821,168,327	0	\$1,106,028,667	0	\$1,036,620,000	0
Government.....	144,831,673	0	122,518,385	0	115,180,000	0
Program Expenses						
Paid by Fund.....	39,068,705	0	47,795,737	0	57,882,380	0
Other Expenses a/.	36,107,000	0	38,035,826	0	38,572,754	0
TOTAL, FCIC FUND....	\$1,041,175,705	0	\$1,314,378,615	0	\$1,248,255,134	0

* Due to the inability to predict the location of sales and losses, it is impractical to estimate the State cost distribution.

a/ This includes interest expense, claims litigation, and debt cancellations.

FARMERS HOME ADMINISTRATION

Purpose Statement

The Farmers Home Administration was established November 1, 1946, by the Farmers Home Administration Act of 1946. Farmers Home Administration's program activities include:

FARMER PROGRAMS:

Farm ownership loans - are made to farmers and ranchers who are or will be owner operators of a not larger than family-size farm and who cannot obtain credit elsewhere to improve or acquire farms, refinance debts, finance non-farm enterprises, or make additions to farms. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost-of-money to the Government, plus up to 1 percent additional. However, loans to limited resource borrowers bear interest of not more than one-half of the Treasury rate for marketable obligations with maturities of 5 years plus not more than 1 percentage point, with a minimum floor of 5 percent. The applicable interest rate is increased by 2 percent if the project being financed involves the use of prime farmland for non-farm purposes. The interest rate for guaranteed loans is negotiated by the lender and borrower. FmHA may subsidize the rates on guaranteed loans up to 4 percent, depending upon borrower needs. The term for farm ownership loans may be up to 40 years when the longer term is necessary. The Interest Rate Buy-Down program is available to borrowers as a major loan restructuring provision of the Agricultural Credit Act of 1987.

Operating loans - provide short-to-intermediate term production or chattel credit to farmers who are or will be the operators of a not larger than family-size farm and who cannot obtain credit elsewhere. Loan terms include a repayment period not to exceed 7 years but may be rescheduled for up to 15 additional years. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost-of-money to the Government, plus up to 1 percent additional. However, loans to limited resource borrowers bear interest if not more than one-half of the Treasury rate for marketable obligations with maturities of 5 years plus not more than 1 percentage point, with a minimum floor of 5 percent. The interest rate is increased by 2 percent if the project being financed involves the use of prime farmland for non-farm purposes. The interest rate for guaranteed loans is negotiated by the lender and borrower. FmHA may subsidize the rates on guaranteed loans up to 4 percent, depending upon borrower needs. The Interest Rate Buy-Down program is available to borrowers as a major loan restructuring provision of the Agricultural Credit Act of 1987.

Emergency disaster loans - are made to farmers in counties declared as emergency disaster areas or in contiguous counties to restore production. Family farmers who cannot get credit elsewhere are eligible for actual loss loans of up to \$500,000 per disaster at a rate of 4.5 percent. Repayment terms for actual loss loans vary according to the purposes of the loan, type of collateral available to secure the loan, and the projected repayment ability of the borrower. Loans for actual production or physical losses to crops, livestock, supplies and equipment may be scheduled for repayment for up to seven years. Under some conditions a longer repayment period may be authorized for production loss loans, but not to exceed 20 years. Generally, real estate will be needed as security when more than seven years is authorized. Loss loans for actual losses to real estate will generally be scheduled for repayment within 30 years but under some conditions may be scheduled for up to 40 years.

Soil and water loans - are made to farmers, ranchers and non-operator owners for land and water development, use, and conservation. Loans are repayable in not more than 40 years. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost-of-money to the Government, plus up to 1 percent additional. The interest rate is increased by 2 percent if the project being financed involves the use of prime farmland for non-farm purposes. Guaranteed loans bear an interest rate negotiated by the lender and the borrower.

Indian tribe land acquisition loans - are made to qualified Indian tribes or tribal corporations to acquire land or interest in land within the tribe's reservation or Alaskan Indian community, as determined by the Secretary of the Interior. The interest rate is determined by the Secretary of Agriculture. Loans are repayable in not more than 40 years.

Watershed works of improvement and flood prevention loans - are made to local sponsors of projects approved for operation by the Soil Conservation Service. Loans are made to local organizations for installing, repairing, or improving watersheds and water storage facilities, purchasing sites or rights-of-way, and related costs. These loans are repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. Total loans outstanding on any one project may not exceed \$10 million.

Resource conservation and development loans - are made to local sponsors of projects approved for operation by the Soil Conservation Service. Loans are made to local organizations for planned conservation measures and works of improvement as specified in approved work plans. These loans are repayable in not more than 30 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity.

State mediation grants - are made to States which have been certified by USDA as having an agricultural loan mediation program which meets the requirements for certification. Grants will be solely for operation and administration of the State's Agricultural Loan Mediation Program. A grant will not exceed 50 percent of the total fiscal year funds that a qualifying State requires to operate and administer its Agricultural Loan Mediation Program. In no case will the total amount of a grant exceed \$500,000 annually.

HOUSING PROGRAMS:

Section 502 - Subsidized housing loans - are made to repair or purchase new or existing housing in order to provide very low-income and low-income rural residents who cannot obtain credit elsewhere, with a modest, safe, and sanitary single family dwelling at rates and terms they are able to afford. Families are eligible who meet certain criteria and qualify for interest credit which reduces the effective interest rate for the borrower to as low as 1 percent. Loans are repayable normally in 33 years, or 38 years under certain conditions. Not less than 40 percent of the funding authorized nationally is to be set aside for very low-income families or persons, and not less than 30 percent of the funding allocated to each State is to be available for very low-income families or persons. Guaranteed loans may be made to borrowers unable to obtain similar credit elsewhere under reasonable terms and conditions. The interest rate for guaranteed loans may not exceed the Department of Veterans Affairs rate. In conjunction with the guaranteed loans, FmHA commits to provide interest assistance to aid the borrower in loan repayment.

Section 502 - Unsubsidized housing loans - are made to finance equity and make repairs in connection with transfers, repairs and renovation to existing borrower dwellings, and repairs to suitable inventory dwellings in connection with credit sales; or to low or very low-income applicants that are otherwise eligible for the program but do not require interest credit assistance under the interest credit formula. This credit is made available to those who cannot obtain credit elsewhere. The interest rate is based on Treasury's cost-of-money. The term for repayment is normally 33 years. Guaranteed loans may be made to eligible moderate-income applicants on a unsubsidized basis. Loans are repayable over a 30 year period. Interest rates may not exceed the Department of Veterans Affairs rate.

Section 515 - Rural rental and cooperative housing loans - are made to individuals, corporations, associations, State or local public agencies, trusts, or partnerships to provide modest cost rental or cooperative housing and related facilities for elderly persons and other persons of low-income and very low-income or moderate-income in rural areas. These loans are repayable in not more than 50 years, and the interest rate to the borrower is based on Treasury's cost-of-money with provisions for interest reductions under certain circumstances based on tenant income. These loans are made only if the applicant cannot meet the need for housing with financial assistance from other sources. Loans may also be made to provide equity payments to borrowers whose Section 515 loans could otherwise be prepaid and removed from the program. Equity loans can also be made to nonprofit organizations and public agencies wishing to purchase projects that are eligible for prepayment.

Section 521 - Rural rental assistance payments - are made to owners of FmHA financed rental projects in order to make housing affordable to very low-income occupants at rates commensurate to their incomes. Rental rates to tenants are not to exceed the higher of (1) 30 percent of the monthly adjusted income, (2) 10 percent of monthly income, or (3) the portion of the welfare assistance payments specifically designated for housing costs in the case of a person or a family receiving such assistance. Congress authorized and appropriated assistance under Section 502(c)(5)(D) for debt forgiveness or payments to eligible households of subsidized tenant rents in projects purchased by eligible nonprofit organizations or public agencies to prevent diversion of low-income rental housing by virtue of Section 515 loan prepayment. The Agency uses the subsidy payment mechanism of the rental assistance program to accomplish this mandate.

Section 504 - Very low-income housing repair grants - are made to low-income persons to make necessary repairs to their dwellings in order to make them safe and remove health hazards to the families or the community. Recipients must be 62 years of age or older and unable to repay a loan. These grants carry a lifetime assistance limitation of \$5,000 per recipient.

Section 504 - Very low-income housing repair loans - are made to very low income persons to repair or improve their dwellings in order to make them safe and sanitary or to remove health hazards to the families or the community. Loans are made at a 1 percent interest rate for not more than 20 years. The maximum loan assistance for section 504 repair purposes is \$15,000.

Section 514 - Rural housing for domestic farm labor loans - are made to farm owners, to public or private nonprofit organizations, or to nonprofit organizations of farm workers to provide modest living quarters, basic household furnishings, and related facilities for farm workers. The loans are repayable in not more than 33 years and bear interest not in excess of 1 percent, except under certain circumstances. The interest rate limitation may be waived by the Secretary of Agriculture in favor of a Treasury cost-of-money based interest rate in order to provide needed housing and related facilities for migrant domestic farm laborers where there are no public or private non-profit sponsors available for owning and managing the needed housing. Loans to organizations may be made simultaneously with farm labor housing grants and are made only if the necessary housing cannot be provided with financial assistance from other sources.

Section 516 - Rural housing for domestic farm labor grants - are made to public or broad-based private nonprofit organizations, States or political subdivisions, or nonprofit organizations of domestic farm workers. Grant assistance, not to exceed 90 percent of the total development costs, is provided for new construction or rehabilitation of existing buildings suitable for dwelling use by domestic farm labor. Funds also may be used for essential related facilities such as dining halls, community rooms or buildings, infirmaries or other essential services, including basic household furnishings. These grants may be made simultaneously with domestic farm labor housing loans.

Section 524 - Rural housing site loans - are made for purchase and development of land to be subdivided into building sites and sold on a nonprofit basis to low-income and moderate-income families or to organizations for rental or cooperative housing. Direct loans are made for a 2-year period at an interest rate based on Treasury's cost-of-money.

Section 523 - Mutual and self-help housing grants - are especially designed to aid the development of mutual or self-help housing programs under which groups of families build their own homes by mutually exchanging labor. Grants are used to provide technical and supervisory assistance to rural families who build their homes by the self-help method.

Section 509 - Compensation for construction defects - payments are made to eligible Section 502 borrowers to pay for making structural repairs on newly constructed dwellings built or purchased as approved by the Agency. The assistance must be requested by the owner of the property within 18 months after the loan is closed or final construction inspection is made. Claims will not be paid until provisions under the builder's warranty have been fully pursued.

Section 533 - Housing preservation grants - are made to eligible nonprofit private groups, Indian tribes, or Government agencies for the rehabilitation of single family housing owned by low-income and very low-income rural families and the rehabilitation of rental and cooperative housing for low-income and very low-income rural families.

Self-help housing land and development fund - provides qualified public or private nonprofit organizations with financing for the acquisition and development of rural building sites for houses to be constructed by the self-help method. Loans are made for a 2-year period at an interest rate not to exceed 3 percent.

General - In fiscal year 1992, the budgeted lending programs will be comprised of direct and guaranteed loans. Direct loans are made by and disbursed from the revolving funds. FmHA is responsible for servicing and collection of these loans.

Guaranteed loans are originated, held, and serviced by a private financial agency or other lender approved by the Secretary. The Agency guarantees to pay to the lender up to a specified percent of the face value of a guaranteed loan if the borrower fails to repay.

As of September 30, 1990, FmHA's portfolio was about 1.4 million loans with principal indebtedness of about \$58 billion. FmHA administers its programs through the Washington Headquarters, 46 State offices, a National Finance Office in St. Louis, Missouri, and approximately 2,200 district and county offices utilizing the services of about 3,000 supervisors and 5,000 local committee members. As of September 30, 1990, there were 15,080 FmHA employees, of which 11,664 were full-time employees in permanent positions. Of these, 570 PFT and 31 others were based in Washington and 11,094 PFT and 3,385 others were in the field.

Available Funds and Staff Years, 1990 and Estimated 1991 and 1992

(Note: The following table reflects appropriations and transfers from other agencies.)

Item	1990 Actual		1991 Estimated		1992 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Farmers Home Administration						
Rural housing insurance						
fund:						
Reimbursement for						
interest subsidies and						
losses.....	2,677,897,000:	--	2,667,186,000:	--	--	--
Rural rental assistance						
reimbursement.....	214,291,396:	--	260,420,000:	--	--	--
Subtotal, rural						
housing insurance						
fund.....	2,892,188,396:	--	2,927,606,000:	--	--	--
Rural housing insurance						
fund program account...	--	--	--	--	426,511,000:	--
Agricultural credit						
insurance fund:						
Reimbursement for						
interest subsidies and						
losses.....	4,120,159,000:	--	6,014,356,000:	--	--	--
Agricultural credit						
insurance fund program						
account.....	--	--	--	--	258,108,000:	--
State Mediation Grants.....	3,456,000:	--	3,750,000:	--	2,000,000:	--
Rental Assistance Program....	296,353,000:	--	319,900,000:	--	269,800,000:	--
Rural community fire						
protection grants.....	3,091,000:	--	3,500,000:	--	--	--
Rural housing for a/						
domestic farm labor.....	10,862,000:	--	11,000,000:	--	5,000,000:	--
Mutual and self-help b/						
housing grants.....	8,634,000:	--	8,750,000:	--	--	--
Very low income housing						
repair grants c/.....	12,500,000:	--	12,500,000:	--	5,000,000:	--
Housing voucher program.....	--	--	--	--	189,928,000:	--
Compensation for						
construction defects d/....	500,000:	--	500,000:	--	--	--
Rural housing preservation						
grants.....	19,140,000:	--	23,000,000:	--	10,000,000:	--
Salaries and Expenses:						
Direct appropriation.....	21,994,176:	461	25,399,000:	494	26,548,000:	432
Transfer from ACIPA.....	188,007,387:	3,780	217,112,000:	4,050	226,931,000:	3,952
Transfer from RHIPA.....	352,246,274:	7,313	406,776,000:	7,446	425,173,000:	7,266
Subtotal, salaries &						
expenses and program						
resources.....	562,247,837:	11,554	649,287,000:	11,990	678,652,000:	11,700
Total.....	7,929,131,233:	11,554	9,974,149,000:	11,990	1,844,999,000:	11,700
Obligations under other USDA						
appropriations:						
Miscellaneous reimbursements:						
Agricultural Service						
Centers.....	420,935:	--	543,000:	--	543,000:	--
Total, Agricultural						
Appropriations.....	7,929,552,168:	11,554	9,974,692,000:	11,990	1,845,542,000:	11,700

Available Funds and Staff Years, 1990 and Estimated 1991 and 1992-Continued

Item	1990 Actual		1991 Estimated		1992 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Other Federal Funds:						
Other program funds from						
Federal sources:						
Appalachia Regional Development Program Grants.....	19,200,000:	--:	11,000,000:	--:	7,000,000:	
Total, other program funds.....	19,200,000:	--:	11,000,000:	--:	7,000,000:	
Other administrative funds from Federal sources:						
Appalachia Regional Conservation Program and Economic Development Administration.....	66,531:	2:	70,000:	2:	70,000:	
Sales of Property through GSA.....	7,057:	--:	10,000:	--:	10,000:	
Miscellaneous Receipts (health clinic, hearings, transcriptions, etc.).....	59,945:	--:	64,000:	--:	64,000:	
Total, other administrative funds.....	133,533:	2:	144,000:	2:	144,000:	
Total, other funds.....	19,333,533:	2:	11,144,000:	2:	7,144,000:	
Total, Farmers Home Administration.....	7,948,885,701:	11,556:	9,985,836,000:	11,992:	1,852,686,000:	1

	1990 Actual	1991 Estimated	1992 Estimated
Full time Equivalent Staff-Years:			
Ceiling.....	11,556	11,992	11,702
Non Ceiling.....	388	407	457
Total.....	11,944	12,399	12,159

- a/ Excludes \$2,074,797 of unobligated balance and \$156,470 of recoveries from prior year appropriations which were available in FY 1990 and \$2,024,635 of unobligated balance which will be available in FY 1991.
- b/ Excludes \$6,859,269 of unobligated balance and \$609,646 of recoveries which were available in FY 1990 and \$9,575,448 of unobligated balance which will be available in FY 1991.
- c/ Excludes \$165,114 of recoveries from prior year appropriations which were available in 1990 and \$23,736 of unobligated balance which will be available for FY 1991.
- d/ Excludes \$186,184 of unobligated balance and \$12,301 of recoveries from prior year appropriations which were available in 1990 and \$519,144 of unobligated balance which will be available in FY 1991.
- e/ Includes \$600,000 appropriated separately to the Office of the Administrator.

FARMERS HOME ADMINISTRATION
Permanent Positions by Grade and Staff-Year Summary
1990 and Estimated 1991 and 1992

14-7

		1990			1991			1992		
Grade	Head- quarters	Field	Total	Head- quarters	Field	Total	Head- quarters	Field	Total	
Executive Level V	1	--	1	1	--	1	1	--	1	
ES-6	1	--	1	1	--	1	1	--	1	
ES-5	2	--	2	2	--	2	2	--	2	
ES-4	2	1	3	2	1	3	2	1	3	
ES-3	1	--	1	1	--	1	1	--	1	
ES-2	1	--	1	1	--	1	1	--	1	
ES-1	1	--	1	1	--	1	1	--	1	
GS/GM-15	27	49	76	29	49	78	31	49	80	
GS/GM-14	53	20	73	55	20	75	55	20	75	
GS/GM-13	110	209	319	110	197	307	120	186	306	
GS-12	79	1,275	1,354	77	1,241	1,318	77	1,208	1,285	
GS-11	27	1,497	1,524	27	1,460	1,487	27	1,427	1,454	
GS-10	1	63	64	1	61	62	1	61	62	
GS-9	34	1,497	1,531	34	1,460	1,494	34	1,427	1,461	
GS-8	7	123	130	7	120	127	7	117	124	
GS-7	36	1,044	1,080	36	1,020	1,056	36	998	1,034	
GS-6	35	1,016	1,051	35	988	1,023	35	961	996	
GS-5	18	2,480	2,498	18	2,420	2,438	18	2,366	2,384	
GS-4	28	1,111	1,139	28	1,084	1,112	28	1,060	1,088	
GS-3	7	500	507	7	488	495	7	478	485	
GS-2	4	49	53	4	48	52	4	46	50	
GS-1	--	3	3	--	3	3	--	3	3	
Ungraded Position	1	2	3	1	2	3	1	2	3	
Total Permanent Positions	476	10,939	11,415	478	10,662	11,140	490	10,410	10,900	
Unfilled Positions end-of-year	13	614	627	--	--	--	--	--	--	
Total, Permanent Employment, end-of-year	463	10,325	10,788	478	10,662	11,140	490	10,410	10,900	
Staff Years: Ceiling	478	11,078	11,556	480	11,512	11,992	492	11,210	11,702	
Non-Ceiling	6	382	388	16	391	407	16	441	457	
Total 1/	484	11,460	11,944	496	11,903	12,399	508	11,651	12,159	

1/ Staff-Years of overtime include: 1990, 99; 1991, 109; 1992, 109.

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FARMERS HOME ADMINISTRATION

CLASSIFICATION BY OBJECTSFY 1990 and Estimated FY 1991 and FY 1992

Personnel Compensation:	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>
Headquarters.....	\$ 19,089,155	\$ 20,467,000	\$ 22,39
Field.....	<u>295,437,047</u>	<u>323,156,000</u>	<u>337,56</u>
11 Total personnel compensation....	314,526,202	343,623,000	359,95
12 Personnel benefits.....	63,473,121	77,956,000	78,63
13 Benefits for former personnel...	<u>583,474</u>	<u>600,000</u>	<u>60</u>
Total personnel compensation and benefits.....	378,582,797	422,179,000	439,18
Other Objects:			
21 Travel.....	20,314,669	33,758,000	34,50
22 Transportation of things.....	2,270,731	3,730,000	3,12
23.1 Rental Payments to GSA.....	275,691	297,000	66
23.2 Rental payments to others.....	19,390,831	22,088,000	24,07
23.3 Communications, utilities and miscellaneous charges.....	36,353,986	44,419,000	41,92
24 Printing and reproduction.....	4,055,468	5,540,000	6,12
25 Other services.....	169,623,332	238,028,000	243,77
26 Supplies and materials.....	4,886,918	4,706,000	6,00
31 Equipment.....	44,697,986	46,599,000	42,25
33 Investments and Loans.....	3,020,291,000	2,695,073,000	137,47
41 Grants, subsidies and contributions.....	351,868,000	394,158,000	1,169,66
42 Insurance claims and indemnities.....	248,583	242,000	24
43 Interest and dividends.....	7,363,611,931	7,005,089,000	6,893,41
44 Refunds.....	<u>10,670,000</u>	<u>6,800,000</u>	<u>1,40</u>
Total other objects.....	<u>11,048,559,126</u>	<u>10,500,527,000</u>	<u>8,604,65</u>
Total obligations.....	<u>11,427,141,923</u>	<u>10,922,706,000</u>	<u>9,043,84</u>
<u>Position Data:</u>			
Average Salary, ES positions.....	\$78,578	\$99,167	\$10
Average Salary, GS positions.....	\$25,890	\$26,950	\$2
Average Grade, GS positions.....	7.66	7.66	

FmHA Program Levels
(Dollars in Thousands)

1/30/91	FY 1990 Number of Loans/Gts	FY 1990 ACTUAL AMOUNTS	FY 1991 Number of Loans/Gts	FY 1991 CURRENT ESTIMATE	FY 1992 Number of Loans/Gts	FY 1992 PRESIDENTS BUDGET
AGRICULTURAL CREDIT INSURANCE FUND						
Direct Farm Ownership Loans	949	\$79,983	650	\$57,200	400	\$37,000
Guar. Farm Ownership Lns./Unsub.	2,399	348,720	6,550	994,000	950	150,000
Guar. Farm Ownership Lns./Sub.	0	0	250	39,300	315	50,000
Direct Farm Operating Loans	16,600	733,291	10,700	493,300	8,540	410,000
Guar. Farm Operating Lns./Unsub.	9,954	908,748	22,680	2,162,000	20,150	2,000,000
Guar. Farm Operating Loans/Sub.	0	0	4,650	442,700	5,690	564,000
Direct Emergency Disaster Loans	2,609	101,510	2,460	100,000	590	25,000
Direct Soil and Water Loans	236	5,497	225	5,500	0	0
Guar. Soil and Water Loans	11	565	30	1,500	0	0
Indian Land Acquisition Lns.(RDA)	2	1,000	2	1,000	4	2,000
Watershed & Flood Prev. Lns.(RDA)	2	2,649	4	4,000	0	0
Resource, Cons. & Devel.Lns.(RDA)	1	72	5	600	0	0
Subtotal ACIF	32,763	2,182,035	48,206	4,301,100	36,639	3,238,000
STATE MEDIATION GRANTS	18	3,149	20	3,750	10	2,000
SUMMARY - FARM						
ACIF Direct Loans	20,399	924,002	14,046	661,600	9,534	474,000
ACIF Guaranteed Loans	12,364	1,258,033	34,160	3,639,500	27,105	2,764,000
State Mediation Grants	18	3,149	20	3,750	10	2,000
RDA Programs	(5)	(3,721)	(11)	(5,600)	(4)	(2,000)
TOTAL FARM PROGRAMS	32,781	2,185,184	48,226	4,304,850	36,649	3,240,000
RURAL HOUSING INSURANCE FUND						
Sec 502 Dir Single Family Housing	36,244	1,310,764	36,100	1,276,451	18,760	559,000
Sec 502 Guar. Single Fam./Unsub.	0	0	1,390	70,000	6,630	347,000
Sec 502 Guar. Single Fam./Sub.	0	0	640	30,000	7,060	347,000
Sec 515 Dir Multi-Family Housing	764	571,904	770	573,900	480	341,000
Sec 504 Housing Repair Loans	2,996	11,613	2,860	11,330	2,690	11,100
Sec 514 Farm Labor Housing Loans	73	11,287	128	16,300	121	16,250
Sec 524 RH Site Dev Loans	2	115	5	600	0	0
Subtotal RHIF	40,079	1,905,683	41,893	1,978,581	35,741	1,621,350
HOUSING SUPPORT PROGRAMS						
Sec 521 Rental Assistance	2,042	296,309	2,100	308,100	1,860	258,000
Sec 502(c)(5)(D) Rental Assistance	1	44	130	11,800	120	11,800
Sec 516 Farm Labor Housing Grants	14	11,069	16	13,025	6	5,000
Sec 504 Housing Repair Grants	3,664	12,642	3,477	12,524	1,333	5,000
Sec 523 Mutual S/H Housing Grants	30	6,426	81	18,426	0	0
Sec 509 Construction Defects	37	179	207	1,019	0	0
Sec 523 Self-Help Land Dev Loans	2	500	1	500	0	0
Sec 533 Housing Preservation Grants	160	19,140	184	23,000	77	10,000
Housing Vouchers	0	0	0	0	80	189,928
Subtotal Housing Support	5,950	346,309	6,196	388,394	3,476	479,728
SUMMARY - HOUSING						
RHIF Direct Loans	40,079	1,905,683	39,863	1,878,581	22,051	927,350
RHIF Guaranteed Loans	0	0	2,030	100,000	13,690	694,000
Housing Support	5,950	346,309	6,196	388,394	3,476	479,728
TOTAL HOUSING	46,029	2,251,992	48,089	2,366,975	39,217	2,101,078
SUMMARY - FmHA						
ACIF & RHIF Direct Loans	60,478	2,829,685	53,909	2,540,181	31,585	1,401,350
ACIF & RHIF Guar. Loans	12,364	1,258,033	36,190	3,739,500	40,795	3,458,000
Farm and Housing Support	5,968	349,458	6,216	392,144	3,486	481,728
SUMMARY - FmHA PROGRAM LEVEL	78,810	4,437,176	96,315	6,671,825	75,866	5,341,078
SALARIES AND EXPENSES						
Direct Appropriation		21,994		25,399		26,548
Transfer and Misc. Reimb.		555		687		687
Offsetting Collections ACIPA		188,007		217,112		226,931
Offsetting Collections RHIPA		352,246		406,776		425,173
Subtotal Salaries and Expenses		562,802		649,974		679,339
TOTAL FmHA	78,810	4,999,978	96,315	7,321,799	75,866	6,020,417

FARMERS HOME ADMINISTRATION
Summary of Rural Housing Programs
(In thousands of dollars)

Page 1 of 2

Program	1990 Actual		1991 Estimated		1992 Estimated	
	1/ Units	Dollar Amount	1/ Units	Dollar Amount	1/ Units	Dollar Amount
Rural Housing Insurance Fund:						
Section 502 Direct Single-						
Family Housing loans:						
Low-income housing:						
Unsubsidized	700	\$20,073	1,710	\$50,000	660	\$20,000
Unsubsidized low or moder-						
ate income loans for						
servicing or assumptions:	--	10,756	--	14,000	--	12,000
Subsidized	24,268	1,279,935	22,340	1,212,451	8,530	527,000
Total, Insur. Sec. 502:	24,968	1,310,764	24,050	1,276,451	9,190	559,000
Sec. 502 Guaranteed loans:						
Unsubsidized	--	--	1,390	70,000	6,630	347,000
Subsidized	--	--	640	30,000	7,060	347,000
Total, Guar. Sec. 502 ..	--	--	2,030	100,000	13,690	694,000
Total, Section 502	24,968	1,310,764	26,080	1,376,451	22,880	1,253,000
Sec 515 Rural Rental Housing:						
Subsidized loans	16,063	571,904	15,670	573,900	8,490	341,000
Sec. 521 Rental Assistance						
Program 2/						
Renewal/replacement & for						
various serv. purposes ...	15,210	296,309	15,884	308,100	15,809	258,000
(nonadd new const units) :	(11,253)		(12,124)		(6,700)	
Section 502(c)(5)(D) Rental						
Assistance Program 2/						
In lieu of forgiveness ..	4	44	1,072	11,800	1,029	11,800
Section 514 Farm Labor						
Housing Loans 3/	705	11,287	900	16,300	630	16,250
Section 504 Very Low Income						
Housing Repair Loans	2,609	11,557	2,480	11,330	2,320	11,100
Section 524 Rural Housing						
Site Loans	--	115	--	600	--	--
TOTAL, Rural Housing						
Insurance Fund	59,559	2,201,981	62,086	2,298,481	51,158	1,891,150

- 1/ Numbers in the "units" columns represent housing units provided by FmHA. Each housing unit is capable of accommodating one family, although average family size varies among programs. Numbers in parentheses reflect assistance to housing units which are recorded under other programs.
- 2/ Units assisted under the Rural Rental Assistance program are counted under the Rural Rental Housing loan program or Farm Labor Housing loan program.
- 3/ Farm labor grants are made in conjunction with loans and the units provided are shown under the loan program. Average unit cost calculation based on total amount of loan and grant programs.
- 4/ Self-help grants provide funds for technical assistance rather than actual construction. The loan funds are usually provided under the section 502 program; therefore, the units assisted are recorded as units financed by section 502.

FARMERS HOME ADMINISTRATION
Summary of Rural Housing Programs
(Dollars in Thousands)

Page 2 of 2

Program	1990 Actual		1991 Estimated		1992 Estimated	
	1/ Units	Dollar Amount	1/ Units	Dollar Amount	1/ Units	Dollar Amount
Section 516 Farm Labor Housing Grants						
Grants 3/	--	\$10,751	--	\$12,648	--	\$4,855
Contracts	--	318	--	377	--	145
Section 523 Mutual and Self-Help Housing						
Grants 4/	--	5,301	--	17,226	--	--
Contracts	--	1,126	--	1,200	--	--
Section 504 Very Low Income Housing Repair Grants	2,858	12,642	2,820	12,524	1,083	5,000
Self-Help Land Development Fund						
Section 523 Site Loans	--	500.00	--	500	--	--
Rural Housing Voucher Program	--	--	--	--	8,000	189,928
Compensation for Construction Defects	--	179	--	500	--	--
Section 533 Rural Housing Preservation Grants	5,379	19,140	6,455	23,000	2,810	10,000
TOTAL, RURAL HOUSING PROGRAMS	67,796	2,251,938	71,361	2,366,456	63,051	2,101,078

- 1/ Numbers in the "units" columns represent housing units provided by FmHA. Each housing unit is capable of accommodating one family, although average family size varies among programs. Numbers in parentheses reflect assistance to housing units which are recorded under other programs.
- 2/ Units assisted under the Rural Rental Assistance program are counted under the Rural Rental Housing loan program or Farm Labor Housing loan program.
- 3/ Farm labor grants are made in conjunction with loans and the units provided are shown under the loan program. Average unit cost calculation based on total amount of loan and grant programs.
- 4/ Self-help grants provide funds for technical assistance rather than actual construction. The loan funds are usually provided under the section 502 program; therefore, the units assisted are recorded as units financed by section 502.

1/ Includes non-farm enterprise loans.
2/ Activity for Section 523 Site Loans is part of the Self-Help Land Development Fund.

FARMERS HOME ADMINISTRATION

The 1992 Budget Estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

SALARIES AND EXPENSES

For necessary expenses of the Farmers Home Administration, not otherwise provided for, in administering the programs authorized by the Consolidated Farm and Rural Development Act (7 U.S.C. 1921-2000), as amended; title V of the Housing Act of 1949, as amended (42 U.S.C. 1471-1490o); the Rural Rehabilitation Corporation Trust Liquidation Act, approved May 3, 1950 (40 U.S.C. 440-444), for administering the loan program authorized by title III-A of the Economic Opportunity Act of 1964 (Public Law 88-452 approved August 20, 1964), as amended, and such other programs which Farmers Home Administration has the responsibility for administering, [\$439,854,000 together with not more than \$3,000,000 of the charges collected in connection with the insurance of loans as authorized by section 309(a) of the Consolidated Farm and Rural Development Act, as amended, and section 517(i) of the Housing Act of 1949, as amended, or in connection with charges made on borrowers under section 502(a) of the Housing Act of 1949, as amended] \$26,548,000: Provided, That, [in addition, not to exceed \$1,000,000 of the funds available for the various programs administered by this agency may be transferred to this appropriation for temporary field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), to meet unusual or heavy workload increases: Provided further, That] not to exceed \$500,000 of this appropriation may be used for employment under 5 U.S.C. 3109[: Provided further, That not to exceed \$3,529,000 of this appropriation shall be available for contracting with the National Rural Water Association or other equally qualified national organization for a circuit rider program to provide technical assistance for rural water systems: Provided further, That, in addition to any other authority that the Secretary may have to defer principal and interest and forego foreclosure, the Secretary may permit, at the request of the borrowers, the deferral of principal and interest on any outstanding loan made, insured, or held by the Secretary under this title, or under the provisions of any other law administered by the Farmers Home Administration, and may forego foreclosure of any such loan, for such period as the Secretary deems necessary upon a showing by the borrower that due to circumstances beyond the borrower's control, the borrower is temporarily unable to continue making payments of such principal and interest when due without unduly impairing the standard of living of the borrower. The Secretary may permit interest that accrues during the deferral period on any loan deferred under this section to bear no interest during or after such period: Provided, That, if the security instrument securing such loan is foreclosed, such interest as is included in the purchase price at such foreclosure shall become part of the principal and draw interest from the date of foreclosure at the rate prescribed by law].

4 [OFFICE OF THE ADMINISTRATOR]

[For necessary salaries and expenses of the Office of the Administrator of the Farmers Home Administration, \$600,000: Provided, That no other funds in this act shall be available for this office.]

5 [CITY OF BURLINGTON]

[Hereafter, the area within the present city limits of the city of Burlington, Ward County, State of North Dakota, shall be eligible for loans and payments administered by the Farmers Home Administration through the Rural Housing Insurance Fund.]

The first change deletes language which provided one time \$3,000,000 insurance charges in connection with loans authorized under the revolving funds. Under the new Federal Credit Reform Act all funding is requested as appropriations; therefore this type of transfer is no longer allowed.

The second change deletes language allowing the use of appropriations for temporary field employment instead of financing from the revolving fund. Under the new Federal Credit Reform Act all funding is requested as appropriations.

The third change deletes language for contracting for the circuit rider program. This language has been added to the new Rural Development Administration language in order that the program can be administered under that authority.

The fourth change eliminates the separate appropriation language for the Office of the Administrator account. To provide for a more efficient operation, it is proposed that the Administrator's costs be funded from the Farmers Home Administration Salaries and Expenses Appropriation.

The fifth change deletes the language permitting the City of Burlington to be eligible for rural housing assistance. In order to fairly administer FmHA regulations, the Agency does not propose that areas within city limits be exempted in order to be eligible for housing assistance.

FARMERS HOME ADMINISTRATION

Salaries and Expenses

	<u>Appropriation</u>	<u>Program Resources</u>	<u>Total</u>
Appropriation Act, 1991:			
Salaries & Expenses.....	\$ 24,799,000	\$624,575,000	\$649,374,000
Office of the Administrator.	600,000	--	600,000
Total Appropriation, 1991.	25,399,000	624,575,000	649,974,000
Budget estimate, 1992.....	26,548,000	652,791,000	679,339,000
Increase in appropriation.....	+1,149,000	+28,216,000	+29,365,000

SUMMARY OF INCREASES AND DECREASES
(On Basis of Appropriation)

	: Salaries	:	: ACIF	:	: RHIF	:
	: & Expenses	: Misc.	: Program	:	: Program	: Total
	: Direct	: Reimb.	: Account	:	: Account	: Available
	: Approp.	: Account	: Account	:	: Account	: Available
FY 1991 Estimate	: \$25,399,000	: \$687,000	: \$217,112,000	:	: \$406,776,000	: \$649,974,000
Items of Increase or Decrease:	:	:	:	:	:	:
Decreased	:	:	:	:	:	:
Staff Years.....	: -156,000	: --	: -1,339,000	:	: -6,958,000	: -8,453,000
Pay Costs.....	: 937,000	: --	: 8,013,000	:	: 15,012,000	: 23,962,000
New Mortgage	: --	: --	: --	:	: 4,800,000	: 4,800,000
Escrowing System...	:	:	:	:	:	:
Training.....	: 78,000	: --	: 667,000	:	: 897,000	: 1,642,000
Redesign Accounting	:	:	:	:	:	:
System.....	: 145,000	: --	: 1,239,000	:	: 2,323,000	: 3,707,000
ADP Maintenance.....	: 145,000	: --	: 1,239,000	:	: 2,323,000	: 3,707,000
Subtotal, Increases and Decreases.....	: 1,149,000	: --	: 9,819,000	:	: 18,397,000	: 29,365,000
FY 1992 Available Funds:	: 26,548,000	: 687,000	: 226,931,000	:	: 425,173,000	: 679,339,000
Transfers from Other Account	: --	: -687,000	: -226,931,000	:	: -425,173,000	: -652,791,000
Total Appropriation for FY 1992	: 26,548,000	: --	: --	:	: --	: 26,548,000

FARMERS HOME ADMINISTRATION

Salaries and Expenses

PROJECT STATEMENT
(on basis of appropriation)

Project	1990 Actual		1991 Estimated		Increase or Decrease	1992 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Salaries and Expenses:							
Appropriation.....	\$21,994,176	461	\$25,399,000	494	\$1,149,000	\$ 26,548,000	482
Unobligated balance							
lapsing.....	5,422,381		--		--	--	
Administrative Expenses							
Transferred from:							
other Accounts:							
Agricultural Credit:							
Insurance Program:							
Account.....	188,007,387	3,780	217,112,000	4,050	9,819,000	226,931,000	3,952
Rural Housing							
Insurance Fund							
Program Account.	352,246,274	7,313	406,776,000	7,446	18,397,000	425,173,000	7,266
Miscellaneous							
Reimbursements....	554,468	2	687,000	2	--	687,000	2
					(1)		a/
Available funds.....	568,224,686	11,556	649,974,000	11,992	29,365,000	679,339,000	11,702
Transfers from							
Other Accounts (-)	540,808,129	11,095	624,575,000	11,498		652,791,000	11,220
Total Appropriation.	27,416,557	461	25,399,000	494		26,548,000	482

a/ Includes 117 Staff Years for reimbursable activities funded from RDA.

EXPLANATION OF PROGRAM

Funds appropriated to this account are used to administer the various loan and grant programs of the Farmers Home Administration, with the exception of those programs transferred to the Rural Development Administration. Funds are made available from the Agricultural Credit Insurance and Rural Housing Insurance Funds as shown above. Administration of programs includes the reviewing of applications, making and collecting loans, and extending technical assistance to borrowers. Under Credit Reform, administrative costs associated with loan programs are appropriated under the program accounts. Salary and expenses appropriate costs associated with the grant programs. The 1990 and 1991 figures have been adjusted for comparability.

This account is used to finance the operating expenses incurred in the administration of the programs of the Farmers Home Administration (FmHA). The fund availability consists of direct appropriations, authorized transfers and direct charges from the Agricultural Credit Insurance Fund Program Account and, the Rural Housing Insurance Fund Program Account; allocations from the Soil Conservation Service; and miscellaneous reimbursements from other sources.

The principal activities of the Agency include the making and services of farm and housing loans and grants.

The following is a brief description of some major management initiative and accomplishments of FmHA:

CREDIT MANAGEMENT

Secondary Market for Guaranteed FmHA Loans - The Agriculture Credit Act of 1987 mandated FmHA to create a new structure to expand and promote the secondary market for its guaranteed farm loans. FmHA and the Federal Agricultural Mortgage Corporation (Farmer Mac) have executed a Memorandum of Understanding whereby Farmer Mac would facilitate the development of this market by pooling FmHA guarantees and issuing certificates backed by these loan pools.

Collecting by IRS Offset - FmHA has cooperated with the Internal Revenue Service (IRS) to receive tax refunds that would otherwise be paid to delinquent Single Family Housing or Farmer Program borrowers. Regulations were rewritten for tax year 1990 to expand the eligibility of delinquent borrowers to use the tax offset to make delinquent payments.

Administrative Offset - FmHA reinstituted the administrative offset program with the issuance of revised regulations in May 1990. Under this program FmHA can offset Federal payments from other agencies that would have gone to borrowers delinquent on FmHA loans. This program has the potential to be a very successful delinquent debt collection tool, particularly for Farmer Program borrowers whose delinquent accounts have been accelerated.

Sale of FmHA Notes - As required by the Omnibus Budget Reconciliation Act of 1986 (OBRA) and the 1987 Continuing Resolution, FmHA conducted a series of loan sales. FmHA retained the subordinate certificate from the 1978 housing sale, because it was thought that the uncertainty of the portfolio performance would undermine the market value of that certificate. In 1990, with 2 years of portfolio history behind it, FmHA sold the subordinate certificate. The Government realized approximately \$380 million in proceeds from this sale.

Field Office Specialization Project (FOSP) - The FOSP initiative will establish separate appraisal, underwriting, and/or delinquent loan servicing staffs in 14 states. This project is patterned after practices in the private sector, and will improve the separation of duties within FmHA County Offices and promote the specialization and centralization of functions in the Agency.

Automated support is required to implement the FOSP which includes modifications to the Program Loan Accounting System and the Guaranteed Loan Accounting System to identify borrowers referred to Servicing and Inventory Staffs. It also includes the design and development of a tracking system to support the tracking of borrower case files, as well as support the costs and benefits of this project.

NATIONAL APPEALS STAFF

The National Appeals Staff (NAS) of FmHA was established in July 1988. In FY 1990, NAS received over 7,800 appeal requests, conducted over 6,750 hearings and issued over 6,660 hearing decisions. The number of hearings conducted increased by 50% over FY 1989 and the number of hearing decisions issued increased by 88%. Second level review decisions issued by the Director of NAS increased by 13% to almost 450 decisions.

AUTOMATION INITIATIVES

Strategic Information Resources Management Plan (IRM) - A comprehensive five-year ADP/IRM strategic plan to guide FmHA's automation program was approved by FmHA on August 3, 1990. Efforts are underway to link this planning effort to the FmHA Management Plan, which conveys (top-down) Agency direction to all organizational units and is the premise for all Agency planning documents. The Strategic IRM Plan emphasizes "how" FmHA will attain the IRM objectives presented in the FmHA Management Plan and documents the IRM activities and resource requirements necessary to achieve the overall mission and goals of the Agency.

Agricultural Credit Act of 1987 - This major automation initiative consists of 13 separate projects which implement the provisions of the

Agricultural Credit Act of 1987. During FY 1990, the capability to write down principal and interest under the debt restructuring program was implemented. The debt restructuring program includes the provisions for single family housing equity recapture, net recovery buy out agreements, and shared appreciation agreements. In addition, the capability to defer debt on farmer program loans for up to 5 years was implemented. Ten of the projects have been implemented with the final three projects scheduled for implementation in early calendar year 1991.

Interest Assistance for Guaranteed Loan Program - Beginning in FY 1991, FmHA plans to shift a portion of the current and potential FmHA direct borrowers to a new subsidized guaranteed program. In anticipation of this strategic change, a work group was formed that developed the program requirements for interest assisted guarantees for the Single Family Housing and Farmer Program loan programs utilizing the National Affordable Housing Act of 1990, legal advice from the Office of General Counsel, and Office of Management and Budget credit management guidelines. The program requirements are designed to encourage the participation of the private sector lending community, reach the target borrower group, and provide FmHA strong program management. Development of program regulations and automated systems changes are currently underway based on the approved program requirements.

UNIX 3.2 Upgrade/Oracle Installation - The AT&T 3B2 computer systems have recently been installed nationwide with an upgraded version of the UNIX operating system. This upgrade was essential in order to maintain system compatibility with advanced software applications. After the UNIX upgrade, the Oracle Relational Database Management System software was also installed. This software is a powerful tool that will be used for developing and operating new applications that support FmHA's loan making and servicing activities.

Resource Management System (RMS) - The RMS is FmHA's work measurement system which currently operates as a combined automated on-line and "hard copy" mail-based system. Agency automation has developed to the point that management information needs can be accommodated through totally automated data collection systems. Utilization of the Multi-Function Work Station will allow FmHA to replace the current RMS system with one that imposes a minimum of field office reporting and also eliminates redundant data.

Acquired Property System Enhancements - This project was initiated to comply with General Accounting Office requirements concerning the accounting for the acquisition and sale of security property. This project also provided extensive data to National and State Office staffs to better manage inventory property. The first four phases have been implemented with the final phase scheduled for implementation in early calendar year 1991.

Local Area Network (LAN) Technology - LAN technology has been piloted in three field locations--North Carolina, Kentucky and Iowa--since the summer of 1989. The pilots proved successful and clearly demonstrated the utility of LAN technology in FmHA. An enhanced LAN software product currently used by the Air Force has been tested in the lab and appears to provide certain capabilities required by FmHA. The new LAN configurations will be piloted this fall in Virginia and Alabama. Should this new configuration prove successful, the Agency will consider nationwide implementation.

District Office Automation/Field Automated Management Support System (FAMSS) - This long-term effort will automate the loan processing and servicing functions of State and District office staffers in the areas of Community and Business Programs and Multi-Family Housing. It is in the requirements initial stage at the present time, with two separate task forces working to develop secure guidelines for development.

Multiple Housing Tenant File System (MTFS) - MTFS is the first Oracle-based system to be implemented on a nationwide basis. "In house" and pilot testing in the field has been completed. The pilot test sites identified requirements that will enable the field to work more

efficiently. MTFS was mailed to State Offices for distribution the first week in October, 1990.

AG Credit/System For Effective Notification and Tracking (SENT) - Version 2 of AG CREDIT1 is an enhancement of the SENT computer program and was distributed to the field in August, 1990. This program supports tracking of cases being restructured by the 1987 Agriculture Credit Act and provides reporting capabilities, improves editing and deletion, cleans up SENT data, and increases the entry speed of service records.

Version 2.5 of AG CREDIT1 will add the Preservation Servicing logic, add to and improve the data collection feature, provide the capability to download individual borrower servicing records, and provide enhanced reporting. The "Final Rule SENT" is proposed for release upon final rule implementation. This will streamline all separate programs related to SENT into one package.

Management Records System (MRS) - MRS continues to be operated as a state-wide pilot in South Carolina. The system is being moved to the 3B2 computer, and is being enhanced to download payments and address areas identified by a task force of four State Directors and the South Carolina user community. Evaluation for implementation of MRS beyond South Carolina will be made following review and implementation of these proposed enhancements.

Modern Administrative Processing System (MAPS)/Administrative Integrated Management System (AIMS) - AIMS is an Oracle system development project of USDA that will replace the administrative paper-driven systems now utilized with one, electronically based, integrated system. The National Finance Center (NFC) will revamp current administrative processing systems to expand and unify services offered, and to modernize the automated technology used.

FmHA is one of three pilot agencies and has implemented a coordinated/functional administrative task force to assist with this project. This task force will identify telecommunications and ADP requirements for each administrative system and ensure compatibility with FmHA architectures. In addition, this task force will ensure that the software development is consistent with FmHA standards. Several FmHA employees have been detailed to NFC in New Orleans to work on this project.

Centralized Help Desk Support - Much progress has been made toward the establishment of a Centralized Help Desk which will receive incoming calls regarding ADP related problems from FmHA personnel nationwide. This Centralized Help Desk will ultimately replace the distributed help desk structure throughout the States thus providing a more cost effective and reliable source of support for FmHA's workforce. The help desk will be staffed by FmHA employees and will be located in St. Louis.

Telecommunications - FmHA is actively transitioning to the new Federal Telephone System (FTS2000). All offices that were utilizing the old FTS voice system have been moved to FTS2000. Inward Station Access (similar to IN-WATS) is being ordered for the State Offices. County and District Offices will be able to reach the State Office through these facilities without any toll charges.

Improved Processing Capacity - Orders have been placed for 2,138 3B2/EXPs, equivalent to the 3B2/600G/1000, and are currently being installed in all County and District Offices. A total of 845 have been installed as of October 19, 1990, with the remainder to be installed by early 1991. The 3B2/EXP significantly expands processing capacity. In addition, it sets the stage for implementation of the new field office architecture based on Local Area Network (LAN) technology and the FTS 2000 telecommunications network in the near future.

National Office 6386 Installations - FmHA's efforts to improve its National Office computer capabilities are well under way. New workstations based on Intel 386 technology are replacing existing 8086 units within the National Office. Installation of those units allocated to South Building personnel is complete, and the scheduled completion date for installation of the School Street and Park Center units is December 31, 1990. Efforts to upgrade and reduce the number of 3B2's in the National Office are also proceeding. The final phase of the project will be to connect all National Office users by a LAN during 1991.

FARMERS HOME ADMINISTRATION
JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net increase of \$29,365,000 for the administration of loan and grant programs consisting of:

- (a) A decrease of \$8,453,000 for reduction of 240 staff years.

Need for Change: With the following proposed revisions to the FY 1992 Budget request, the Agency will be able to support the total 1992 staff year request of 11,702.

Nature of Change: In an effort to reach a reasonable compromise between staffing requirements and fiscal constraint, the Agency proposes to reduce their staff year ceiling by 290, from 11,992 in 1991 to 11,702 in 1992.

- (b) An increase of \$4,800,000 for a new Mortgage Accounting System to implement escrowing for single family housing loans.

Need for Change: The Agency is mandated under legislation to offer escrowing to its single family housing borrowers and will convert from simple interest accrual to amortized payments, which is the common method of interest accrual in the private sector. Rather than change its existing accounting system, the Agency plans to purchase a modern mortgage accounting system which would include amortized payments and escrowing. Escrowing will initially be required for new loans closed after the new accounting system is functioning and offered to existing borrowers on a voluntary basis which will be phased in over several years.

Nature of Change: The requested increase will provide for the purchase of a new mortgage accounting system and initial systems changes to incorporate the Agency's legislated servicing requirements.

- (c) An increase of \$1,642,000 for Agency training.

Need for Change: The Agency is continuing its training plan begun in FY 1991 to provide more standardized and consistent training for the field staff in response to GAO and OIG recommendations for improvements in such areas as credit and financial analysis, loan classification, inventory management, agri-lending and comprehensive assistant county supervisor induction training. Field staff will also be trained in new ADP applications including the System for Effective Notification Tracking (SENT), Management Record System, farm and home plan, and how to use the local area network.

Nature of Change: The requested increase will continue the 1991 implementation of the Agency's more structured and targetted training program in FY 1992.

- (d) An increase of \$3,707,000 to redesign the Agency's accounting and financial management system.

Need for Change: The Agency plans to begin the first phase of evaluating and updating their information and accounting system that supports the loan making and loan servicing programs. For several years, OMB and GAO have identified the 20-year-old accounting system as a "High Risk Area" needing correction. In addition, the Agency will need to meet the new Federal Credit Reform requirements which will drastically change the informational and functional demands on the accounting system.

Nature of Change: The requested amount will fund the Agency's portion of the project. Total costs over a four-year period are estimated at \$104 million. (Total request for this item in 1992 is \$4.0 million including RDA's share).

(e) An increase of \$3,707,000 for Automated Data Processing equipment maintenance.

Need for Change: The maintenance costs associated with the AT&T 3B2's and other ADP equipment purchased in FY 1990 and FY 1991 under the Department's Agriculture Microcomputer Productivity System (AMPS) contract had warranties ranging from three months to one year. The requested increase is needed to cover the full-year maintenance costs since the warranties have expired. The Agency is working with the Department to recompet the maintenance portion of the AMPS contract to see if lower maintenance rates can be obtained in FY 1993.

Nature of Change: The requested increase represents the Agency's portion of the ADP maintenance expenses. Total cost for this item in FY 1992, including RDA's portion, is \$17 million. (Total increase for this item in 1992 is \$4.0 million including RDA's share.)

(f) An increase of \$23,962,000 for pay costs.

Need for Change. Over the past several years, the Agency salary base has been seriously eroded as a result of having to absorb required increases for pay and related benefits. Pay increases for FY 1991 amounted to 4.1% and for FY 1992 it is projected to be 5.0%. The Agency must adjust its salary base in order to fund the staff years currently requested. To reduce staff further would be counterproductive to achieving the budgetary and management goals and other credit management objectives of the Agency.

Nature of Change. The request represents the annualization of the fiscal year 1991 pay costs of \$23,962,000, and 50% of the fiscal year 1992 pay increase.

FARMERS HOME ADMINISTRATION

Positions Filled, Staff-Years and Average
Grade and Salary by Organizational Unit

<u>Organizational Unit</u>	<u>Position Filled at End of Year</u>		<u>Staff- Years</u>	<u>Permanent</u>	<u>Full-time</u>
	<u>Permanent</u>	<u>Other</u>		<u>Average</u>	<u>Average</u>
	<u>Full-Time</u>			<u>Grade</u>	<u>Salary</u>
<u>FISCAL YEAR 1990:</u>					
National Office	463	28	484	10.49	\$35,465
Finance Office and Field Support	950	43	978	7.50	25,360
State Offices	1,592	98	1,663	9.30	31,440
District Offices	692	61	760	8.10	27,380
County Offices	<u>7,091</u>	<u>3,133</u>	<u>8,059</u>	<u>7.12</u>	<u>24,070</u>
Total, FmHA	10,788	3,363 <u>1/</u>	11,944	7.66	25,890
<u>FISCAL YEAR 1991: (estimate)</u>					
National Office	478	35	496	10.51	36,900
Finance Office and Field Support	990	60	1,040	7.50	26,400
State Offices	1,605	128	1,682	9.30	32,730
District Offices	680	62	760	8.10	28,500
County Offices	<u>7,387</u>	<u>3,645</u>	<u>8,421</u>	<u>7.12</u>	<u>25,055</u>
Total, FmHA	11,140	3,930 <u>1/</u>	12,399	7.66	26,950
<u>FISCAL YEAR 1992: (estimate)</u>					
National Office	490	35	508	10.59	39,140
Finance Office and Field Support	990	60	1,040	7.50	27,720
State Offices	1,565	128	1,642	9.30	34,360
District Offices	650	62	730	8.10	29,925
County Offices	<u>7,205</u>	<u>3,645</u>	<u>8,239</u>	<u>7.12</u>	<u>26,305</u>
Total, FmHA	10,900	3,930 <u>1/</u>	12,159	7.66	28,300

1/ Includes non-ceiling employees such as Stay-in-School:
FY 1990, 314; FY 1991, 350; and FY 1992, 350.

FARMERS HOME ADMINISTRATION
Salaries and Expenses
Obligations by Organizational Unit 1/
(in thousands rounded)

Organizational Unit	Obligations			
	Personnel Comp. and Benefits	Travel	All Other	Total
<u>FISCAL YEAR 1990:</u>				
National Office	\$22,939	\$1,339	\$8,261	\$32,539
Finance Office and Field Support	34,644	1,281	14,030	49,955
State Offices	59,740	6,547	22,264	88,551
District Offices	27,444	2,473	3,742	33,659
County Offices	<u>233,816</u>	<u>8,674</u>	<u>115,608</u>	<u>358,098</u>
Total, FmHA	378,583	20,314	163,905	562,802
Less Allocations from other accounts	<u>-363,788</u>	<u>-19,520</u>	<u>-157,500</u>	<u>-540,808</u>
Total, S&E, FmHA	<u>14,795</u>	<u>724</u>	<u>6,405</u>	<u>21,994</u>
<u>FISCAL YEAR 1991: (estimate)</u>				
National Office	25,130	1,410	9,700	36,240
Finance Office and Field Support	39,700	1,600	17,100	58,400
State Offices	64,900	10,900	25,600	101,400
District Offices	28,779	4,858	4,446	38,083
County Offices	<u>263,670</u>	<u>14,990</u>	<u>137,191</u>	<u>415,851</u>
Total, FmHA	422,179	33,758	194,037	649,974
Less Allocations from other accounts	<u>-405,682</u>	<u>-32,439</u>	<u>-186,454</u>	<u>-624,575</u>
Total, S&E, FmHA	<u>16,497</u>	<u>1,319</u>	<u>7,583</u>	<u>25,399</u>
<u>FISCAL YEAR 1992: (estimate)</u>				
National Office	27,281	1,450	11,100	39,831
Finance Office and Field Support	42,100	1,650	18,950	62,700
State Offices	67,150	11,175	26,800	105,125
District Offices	29,290	4,871	3,405	37,566
County Offices	<u>273,367</u>	<u>15,360</u>	<u>145,390</u>	<u>434,117</u>
Total, FmHA	439,188	34,506	205,645	679,339
Less Allocations from other accounts	<u>-422,025</u>	<u>-33,157</u>	<u>-197,609</u>	<u>-652,791</u>
Total, S&E, FmHA	<u>17,163</u>	<u>1,349</u>	<u>8,036</u>	<u>26,548</u>

1/ Includes reimbursable obligations.

NOTE: FY 1992 excludes \$3,248,000 financing from the ACIFPA related to Rural Development Administration.

FARMERS HOME ADMINISTRATION AND RURAL DEVELOPMENT ADMINISTRATION a/
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 Actual and Estimated 1991 and 1992

Salaries and Expenses

	1990 Staff Years	1990 Amount	1991 Staff Years	1991 Amount	1992 Staff Years	1992 Amount
Alabama.....	285	13,877,247	296	16,038,778	288	16,731,995
Alaska.....	26	1,265,994	27	1,463,187	26	1,526,428
Arizona.....	110	5,356,130	114	6,190,406	111	6,457,963
Arkansas.....	363	17,675,230	377	20,428,338	367	21,311,277
California.....	253	12,319,100	263	14,237,933	256	14,853,315
Colorado.....	120	5,843,051	125	6,753,170	121	7,045,050
Connecticut.....	26	1,265,994	27	1,463,187	26	1,526,428
Delaware.....	52	2,531,989	54	2,926,374	53	3,025,855
Florida.....	203	9,884,495	211	11,424,112	205	11,917,877
Georgia.....	327	15,922,315	339	18,402,368	330	19,197,762
Hawaii.....	42	2,045,068	44	2,363,609	42	2,465,768
Idaho.....	167	8,131,580	173	9,398,161	169	9,804,362
Illinois.....	320	15,581,470	332	18,008,453	323	18,786,801
Indiana.....	253	12,319,100	263	14,237,933	256	14,853,315
Iowa.....	367	17,869,999	381	20,653,444	371	21,546,112
Kansas.....	217	10,566,185	225	12,211,982	219	12,739,799
Kentucky.....	334	16,263,160	347	18,796,322	337	19,608,723
Louisiana.....	312	15,191,934	324	17,558,241	315	18,317,131
Maine.....	168	8,180,272	174	9,454,438	170	9,863,071
Maryland.....	61	2,970,218	63	3,432,861	62	3,581,234
Massachusetts.....	72	3,505,831	75	4,051,902	73	4,227,030
Michigan.....	275	13,390,326	285	15,476,014	278	16,144,907
Minnesota.....	316	15,386,702	328	17,783,347	319	18,551,966
Mississippi.....	501	24,394,740	520	28,194,484	506	29,413,085
Missouri.....	379	18,454,304	393	21,328,761	383	22,250,617
Montana.....	125	6,086,512	130	7,034,552	126	7,338,594
Nebraska.....	224	10,907,029	233	12,605,917	226	13,150,761
Nevada.....	27	1,314,687	28	1,519,463	27	1,585,136
New Hampshire.....	46	2,239,836	48	2,588,715	46	2,700,603
New Jersey.....	103	5,015,286	107	5,796,471	104	6,047,002
New Mexico.....	116	5,648,283	120	6,528,064	117	6,810,215
New York.....	281	13,682,479	292	15,813,673	284	16,497,160
North Carolina.....	456	22,203,595	473	25,662,045	461	26,771,191
North Dakota.....	235	11,442,642	244	13,224,957	237	13,796,557
Ohio.....	249	12,124,332	258	14,012,827	252	14,618,479
Oklahoma.....	309	15,045,857	321	17,389,412	312	18,141,005
Oregon.....	130	6,329,972	135	7,315,934	131	7,632,138
Pennsylvania.....	247	12,026,947	256	13,900,274	250	14,501,062
Rhode Island.....	24	1,168,610	25	1,350,634	24	1,409,010
South Carolina.....	269	13,098,174	279	15,138,356	272	15,792,655
South Dakota.....	227	11,053,106	236	12,774,746	229	13,326,887
Tennessee.....	348	16,944,849	361	19,584,192	352	20,430,646
Texas.....	567	27,608,418	589	31,908,727	573	33,287,863
Utah.....	105	5,112,670	109	5,909,024	106	6,164,419
Vermont.....	89	4,333,596	92	5,008,601	90	5,225,079
Virginia.....	270	13,146,866	280	15,194,632	273	15,851,363
Washington.....	140	6,816,893	145	7,878,698	141	8,219,225
West Virginia.....	157	7,644,659	163	8,835,397	159	9,217,274
Wisconsin.....	298	14,510,244	309	16,770,372	301	17,495,208
Wyoming.....	82	3,992,752	85	4,614,666	83	4,814,118
Puerto Rico.....	211	10,274,032	219	11,874,323	213	12,387,547
Trust Territories..	28	1,363,379	29	1,575,740	28	1,643,845
Virgin Islands.....	10	486,921	10	562,764	10	587,088
Subtotal.....	10,922	531,815,060	11,337	614,651,000	11,035	641,217,000
National Office....	584	39,209,492	590	44,100,000	602	48,300,000
Finance Office and Field Support....	941	49,954,753	990	58,400,000	990	62,700,000
Total Avail. Est.	12,447	620,979,305	12,917	717,151,000	12,627	752,217,000
	=====	=====	=====	=====	=====	=====

NOTE: Does not include non-ceiling staff-years.

a/ Rural Development Administration cannot be broken down by State at this time.

FARMERS HOME ADMINISTRATION

The 1992 Budget Estimates include proposed changes in language as follows (new language underscored; deleted matter enclosed in brackets):

Agricultural Credit Insurance Fund:

[For direct and guaranteed loans as authorized by 7 U.S.C. 1928-1929, to be available from funds in the Agricultural Credit Insurance Fund, as follows: farm ownership loans, \$542,000,000, of which \$509,000,000 shall be guaranteed loans; \$7,000,000 for water development, use, and conservation loans, of which \$1,500,000 shall be guaranteed loans; operating loans, \$3,500,000,000 of which \$2,600,000,000 shall be guaranteed loans; Indian tribe land acquisition loans as authorized by 25 U.S.C. 488, \$1,000,000; for emergency insured and guaranteed loans, \$600,000,000 to meet the needs resulting from natural disasters; and for matching grants authorized by section 502(b) of the Agricultural Credit Act of 1987 (7 U.S.C. 5101-5106), \$3,750,000.

For an additional amount to reimburse the Agricultural Credit Insurance Fund for interest subsidies and losses sustained in prior years, but not previously reimbursed, in carrying out the provisions of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1988(a)), \$6,014,356,000.]

This change eliminates the appropriation language for the liquidating account. All loan activity in FY 1992 and beyond will be reflected in the Agricultural Credit Insurance Fund Program Account below. The State Mediation Grants in FY 1992 and beyond will be reflected in a separate new State Mediation Grant account. Under Credit Reform, an additional amount to reimburse the Agricultural Credit Insurance Fund for interest subsidies and losses incurred will not be requested.

Agricultural Credit Insurance Fund Program Account:

For the cost, as defined in section 13201 of the Budget Enforcement Act of 1990, including the cost of direct and guaranteed loans authorized by Title III of the Consolidated Farm and Rural Development Act, as amended, as follows: cost of direct loans, \$80,421,000: Provided, That these funds are available to subsidize gross obligations for the principal amount of direct loans of not to exceed \$277,000,000. In addition, for direct and guaranteed loans authorized by Title I of the Omnibus Budget Reconciliation Act of 1990, such sums as may be necessary.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, \$230,179,000, of which not to exceed \$230,179,000 may be transferred to and merged with the appropriation for Salaries and Expenses to cover the common overhead expense associated with implementing the Credit Reform Act of 1990.

This change provides new appropriation language for funds for the lifetime subsidy level associated with the direct loans provided in the language, pursuant to the Omnibus Budget Reconciliation Act of 1990. In addition, administrative expenses, including those arising from servicing of loans obligated prior to FY 1992 are now being appropriated directly to this account.

AGRICULTURAL CREDIT INSURANCE FUND

The 1992 Budget reflects the new credit reform procedures for federal credit programs authorized by the Balanced Budget Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990. Basically, these procedures require that budget authority and outlays for these programs represent subsidy costs, including interest subsidies, defaults, and administrative expenses, rather than loan disbursements and repayments. Loan levels are included in the appropriation language requested for the subsidy amount for FY 1992. The appropriation language also specifies the portion of the requested budget authority to be used for administrative expenses. Budget authority for the subsidy represents the difference between the Government's cash disbursements and the net present value of estimated cash inflows over the lifetime of the loans; whereas outlays represent the portion of the subsidy related to the loan amount disbursed within the year. Budget authority and outlays for the

subsidies are presented in the Budget in "loan program accounts." All loan disbursement and repayment activity related to loans made in FY 1992 or later appear in a "financing account" and is considered "off-budget" for purposes of estimating the deficit. Budget authority and outlays for existing portfolios of loans are reflected in the Budget in "liquidating accounts" and are calculated as before, to represent disbursements, borrower repayments and payments, Federal Financing Bank repayments and Treasury borrowing requirements.

(a) Agricultural Credit Insurance Fund - Liquidating Account

As required by Title XIII, section 13201, of the Omnibus Budget Reconciliation Act of 1990, the current revolving fund account will be referred to as a liquidating account. No new loans and no administrative expenses will be charged to it after FY 1991. The liquidating account will be used to liquidate the loans made prior to FY 1992, as long as the terms and conditions of these loans do not change. Activity of this account will include loan disbursements, collection of interest, loan repayments and prepayments, payments of interest to Treasury and the Federal Financing Bank, proceeds from the sale of acquired property, fees, and other revenues and expenses related to obligations and commitments made prior to FY 1992. Although FY 1990 actual and FY 1991 estimated activity is included in the sections that follow, they are provided for comparability purposes only.

Under Credit Reform, the liquidating account will not now or in the future request an appropriation to reimburse the Fund for losses which will incur and have incurred since September 30, 1989.

(b) Agricultural Credit Insurance Fund Program Account
(On basis of loan level, subsidy, and administrative expense)
(In thousands of dollars)

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Administrative Expense</u>
Amount, FY 1991.....	\$4,501,100	\$0	\$220,105
Amount, FY 1992.....	3,488,000	254,860	230,179
Increase or Decrease in Amount.....	-1,013,100	+254,860	+10,074
	=====	=====	=====

SUMMARY OF INCREASES AND DECREASES
(On basis of loan level, subsidy and administrative expense)
(In thousands of dollars)

<u>Item of Change</u>	<u>1991</u> <u>Estimated</u>	<u>Program</u> <u>Changes</u>	<u>1992</u> <u>Estimated</u>
Total:			
Direct loans.....	\$661,600	\$-187,600	\$474,000
Direct loan subsidy.....	0	81,666	81,666
Guaranteed loans.....	3,639,500	-875,500	2,764,000
Guaranteed loan subsidy.....	0	98,343	98,343
Credit sales of acquired property....	200,000	50,000	250,000
Credit sales subsidy.....	0	74,851	74,851
Administrative expense.....	220,105	10,074	230,179
Total:			
Loans.....	4,501,100	-1,013,100	3,488,000
Subsidy.....	0	254,860	254,860
Administrative expense.....	220,105	10,074	230,179

Staff-years are reflected in the Salaries and Expense Project Statement.

PROJECT STATEMENT
(On basis of loan levels, subsidies, and administrative expenses)
(In thousands of dollars)

Project	1990 Actual	1991 Estimated	Increase or Decrease	1992 Estimated
Farm ownership loans:				
Direct loans.....	\$79,983	\$57,200 a/	\$-20,200 (1)	\$37,000
Direct loan subsidy.....	0	0	9,144	9,144
Guaranteed loans unsubsidized:	348,720 b/	994,000 b/	-844,000 (2)	150,000
Guaranteed unsubsidized loan subsidy.....	0	0	7,526	7,526
Guaranteed loans subsidized..:	0	39,300	10,700 (3)	50,000
Guaranteed subsidized loan subsidy.....	0	0	18,308	18,308
Farm operating loans:				
Direct loans.....	733,291	493,300	-83,300 (4)	410,000
Direct loan subsidy.....	0	0	66,952	66,952
Guaranteed loans unsubsidized:	908,748 b/	2,162,000 b/	-162,000 (5)	2,000,000
Guaranteed unsubsidized loan subsidy.....	0	0	24,981	24,981
Guaranteed loans subsidized..:	0	442,700	121,300 (6)	564,000
Guaranteed subsidized loan subsidy.....	0	0	47,528	47,528
Emergency disaster loans:				
Direct loans.....	101,510	100,000	-75,000 (7)	25,000
Direct loan subsidy.....	0	0	5,065	5,065
Soil and water loans:				
Direct loans.....	5,497	5,500	-5,500 (8)	0
Direct loan subsidy.....	0	0	0	0
Guaranteed loans.....	565	1,500	-1,500 (8)	0
Guaranteed loan subsidy.....	0	0	0	0
Indian tribe land acquisition loans:				
Direct loans.....	1,000	1,000	1,000 (9)	2,000
Direct loan subsidy.....	0	0	505	505
Watershed protection and flood prevention loans:				
Direct loans.....	2,649	4,000	-4,000 (10)	0
Direct loan subsidy.....	0	0	0	0
Resource conservation and development loans:				
Direct loans.....	72	600	-600 (11)	0
Direct loan subsidy.....	0	0	0	0
Credit sales of acquired property:				
Direct loans.....	109,860	200,000	50,000 (12)	250,000
Direct loan subsidy.....	0	0	74,851	74,851
Administrative expense.....	190,597	220,105	10,074	230,179
Total:				
Direct loans.....	1,033,862	861,600	-137,600	724,000
Direct loan subsidy.....	0	0	156,517 (13)	156,517
Guaranteed loans unsubsidized:	1,258,033	3,157,500	-1,007,500	2,150,000
Guaranteed unsubsidized loan subsidy.....	0	0	32,507 (14)	32,507
Guaranteed loans subsidized..:	0	482,000	132,000	614,000
Guaranteed subsidized loan subsidy.....	0	0	65,836 (14)	65,836
Administrative expense.....	190,597	220,105	10,074 (15)	230,179

a/ Includes \$13.5 million that became available for obligation in FY 1991 as provided for by the 1990 Appropriations Act, P.L. 101-161.

b/ The Agricultural Credit Act of 1987 provides that the Secretary may transfer such amounts as may be necessary from farm operating guaranteed loans to farm ownership guaranteed loans. The Agency transferred \$250 million in fiscal years 1990 and 1991.

Outlays associated with the FY 1992 loan program account are estimated to be \$455,133,000 of which \$224,954,000 are subsidy outlays and \$230,179,000 are administrative expense outlays.

EXPLANATION OF PROGRAM

As required by Title XIII, section 13201, of the Omnibus Budget Reconciliation Act of 1990, this account records the subsidy costs associated with the direct loan obligations and guaranteed loan commitments of this account in FY 1992 and beyond. Subsidy amounts are obtained by estimating the difference between the Government's cash disbursements and the net present value of the Government's cash inflows resulting from direct and guaranteed loans made through this account. For 1992, \$724,000,000 in direct loan authority and \$2,764,000,000 in guaranteed loan authority are requested. The associated lifetime subsidy costs of these loans are estimated to be \$156,517,000 and \$98,343,000, respectively. Corresponding administrative expenses are requested for appropriation in this account but are justified as part of Salaries and Expenses for the Agency as a whole. (See Salaries and Expenses Project Statement.)

The Agricultural Credit Insurance Fund and its associated loan programs are authorized by title III of the Consolidated Farm and Rural Development Act, as amended. This fund is used to insure or guarantee farm ownership, soil and water, farm operating, emergency, Indian tribe land acquisition, watershed protection, flood prevention, and resource conservation and development loans.

Public Law 92-419, approved August 30, 1972, abolished the Farmers Home Administration Direct Loan Account and the Emergency Credit Revolving Fund and provided for transfer of the assets and liabilities of, and authorizations applicable to, these accounts to the Agricultural Credit Insurance Fund. It also provided for transfer from the Agricultural Credit Insurance Fund to the Rural Development Insurance Fund of the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities.

Real Estate Loans

Subtitle A of the Consolidated Farm and Rural Development Act contains the authorizations for farm ownership loans, recreation loans, and soil and water loans to individuals, and to farm cooperatives and private domestic corporations and partnerships that are controlled by farmers and ranchers, engaged primarily and directly in farming or ranching in the United States. Soil and water and recreation loans are each contained as separate types of loans because the law sets forth eligibility requirements for these loans that differ somewhat from the eligibility requirements for farm ownership loans. In most respects, however, soil and water, recreation, and farm ownership loans are subject to similar authorizations and limitations but not purposes. Direct loan borrowers are required to graduate to other credit sources when they are able to do so.

Farm Ownership Loans.

Farm ownership loans are used for:

1. Maintaining family farms: Farm ownership loans help owner-operators restructure their debts, including those who are highly leveraged who utilize their real estate equities to refinance heavy short-term debts. In other instances, the owner-operators use real estate credit and assistance to make further adjustments in their operations, to comply with local sanitation and pollution abatement requirements, to keep up with advances in agricultural technology, to better utilize their land and labor resources and to meet changing market requirements. Farm ownership loans may be used to finance income producing recreational enterprises or other nonfarm enterprises which supplement but do not supplant farm income.
2. Purchase and development of farms: One of the functions of the farm ownership loan program is to assist farmers, especially beginning farmers, in the purchase and enlargement of farms. Applicants eligible for these loans may use this assistance for combining small tracks of land, making basic soil improvements, establishing permanent pastures, improving dwellings and essential farm buildings, developing land and water, controlling pollution, producing or saving energy, adding a nonfarm enterprise and taking other measures to increase the efficiency and income-producing capacity of their holdings.

Farm ownership loans are made to eligible individuals, cooperatives, corporations, partnerships or joint operators who (1) have sufficient training or farm experience to assure reasonable prospects of success in the proposed operation, (2) are or will

become owner-operators of not a larger than family-size farms, and (3) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near where the applicant resides for loans for similar purposes and periods of time.

Loans are made for 40 years or less. A direct loan may not exceed \$200,000 and a guaranteed loan may not exceed \$300,000. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost-of-money to the Government, plus up to one percent additional. However, loans to limited resource borrowers bear interest of not more than one-half of the Treasury rate for marketable obligations with maturities of five years plus not more than one percentage point, with a minimum floor of five percent. The applicable interest rate is increased by two percent if the project being financed involves the use of prime farm land for nonfarm purposes. The interest rate for guaranteed loans is negotiated by the lender and the borrower and may be subsidized under the interest buy-down program. In addition, the interest rate buy-down program may also be sufficient to allow moderate-income borrowers to move from the direct loan program to the guaranteed loan program.

Soil and Water Loans. Soil and water loans are made to individuals, cooperatives, corporations, partnerships or joint operators who own and/or operate a farm. Applicants must be unable to obtain sufficient credit elsewhere to finance actual needs at reasonable rates and the terms prevailing in the community where the farm is located. The loans may be made for soil conservation, development and use; forestation; drainage of farmland; establishment of permanent pasture; pollution control and energy saving measures. The loan limit is \$200,000 for a direct loan and \$300,000 for a guaranteed loan. The repayment period may be up to 40 years. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost-of-money to the Government, plus up to one percent additional. The interest rate is increased by two percent if the project being financed involves the use of prime farmland for nonfarm purposes. Guaranteed loans bear an interest rate negotiated by the lender and the borrower.

Operating Loans

Subtitle B of the Consolidated Farm and Rural Development Act contains the authorization for direct and guaranteed operating loans. Operating loans made by the Farmers Home Administration are accompanied by supervisory assistance in farm and financial management. Operating credit is targeted to family farmers throughout the United States, who are unable to obtain credit from private and cooperative sources, to develop or maintain a reasonable standard of living. The use of operating loan funds for this purpose helps provide opportunity for farm operators to conduct successful farm operations.

Loans are made to assist (1) full-time and part-time operators to continue in agriculture and to improve their farm and home operations, (2) part-time farm operators to convert their farming operations to full-time and to improve their income and level of living while continuing to live in rural areas, (3) young farmers who lack the necessary credit to acquire the resources needed for success, and (4) rural youths.

Operating loans are made to individuals, partnerships, corporations, cooperatives or joint operators who operate not larger than family-size farms or ranches, who (1) have sufficient training or farm experience to assure reasonable prospects of success in the proposed operation, (2) are or will become operators of not larger than family farms, except for rural youths, and (3) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near where the applicant resides, for loans for similar purposes and periods of time.

Operating loans may be made for paying costs incident to reorganizing a farming system for more profitable operations; purchasing livestock, poultry and farm equipment; purchasing feed, seed, fertilizer, insecticides, and farm supplies and meeting other essential operating expenses; financing land and water development, use, and conservation; developing recreation and other nonfarm enterprises; and refinancing existing indebtedness.

The loan limit is \$200,000 for a direct loan and \$400,000 for a guaranteed loan. Operating loans may be scheduled for payment over periods from 1 to 7 years depending on loan purposes. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost-of-money to the Government, plus up to one percent additional. However, loans to limited resource borrowers bear interest of not more than one-half of the Treasury rate for marketable obligations plus not more than one percentage point, with a minimum floor of five percent. The interest rate is increased by two percent if the project being financed involves the use of prime farm land for nonfarm purposes. The interest rate for guaranteed loans is negotiated by the lender and the borrower and may be subsidized under the interest buydown program. In addition, the interest rate buy-down program may also be sufficient to allow moderate-income borrowers to move from the direct loan program to the guaranteed loan program.

Direct loan borrowers are encouraged to supplement their operating loans with credit from other sources when this is feasible. They are required to graduate to other credit sources when able to do so.

Emergency Disaster Loans

Emergency loans are made available in designated areas (counties) and in contiguous counties where property damage and/or severe production losses have occurred as a direct result of a natural disaster. Areas may be declared by the President or designated for emergency loan assistance by the Secretary of Agriculture.

Emergency loans are made to established, eligible, family size farmers, ranchers and aquaculture operators. Partnerships and private domestic corporations and cooperatives may also qualify, providing they are primarily engaged in agricultural or aquacultural production. Loans may be made only for actual losses arising from natural disasters. A farmer who cannot receive credit elsewhere is eligible for an actual loss loan of up to \$500,000 or the calculated actual loss, whichever is less, for each disaster at an interest rate of four and one-half percent. The Disaster Assistance Act of 1989 waived the requirement that applicants for emergency loans must have crop insurance for 1989 crops. The Food, Agriculture, Conservation, and Trade Act of 1990 waived the same requirement for the 1990 crops.

Actual loss loans may be made for physical losses to repair, restore or replace damaged or destroyed farm property, livestock and livestock products, and supplies, and for production losses to compensate for loss of income based on reduced production of crops and/or livestock products resulting from the disaster. Eligible farmers may use actual loss loan funds to purchase livestock, poultry, or other animals and pay costs incident to reorganizing a farming system to make it a sound operation. The reorganized farming operation, however, must be approximately equivalent in earning capacity to the operation conducted prior to the disaster. Under certain conditions, loan funds may be used to buy essential home equipment and furnishings and for limited refinancing of debts.

Repayment terms for actual loss loans vary according to the purposes of the loan, type of collateral available to secure the loan, and the projected repayment ability of the borrower. Loans for actual production or physical losses to crops, livestock, supplies and equipment may be scheduled for repayment for up to 7 years. Under some conditions a longer repayment period may be authorized for production loss loans, but not to exceed 20 years. Generally, real estate will be needed as security when a loan term of more than 7 years is authorized. Loss loans for actual losses to real estate will generally be scheduled for repayment within 30 years but under some conditions may be scheduled for up to 40 years.

Loans to Associations and Groups

Subtitle A of the Consolidated Farm and Rural Development Act contains the authorization for Indian tribe land acquisition loans. In addition, watershed works of improvement and flood prevention loans are made to associations under the Watershed Protection Act, as amended (Public Law 83-566), and resource conservation and development loans are made to associations under section 102 of Public Law 87-703, and other existing Departmental authorities.

Indian Tribe Land Acquisition Loans. Public Law 91-229, approved April 11, 1970, authorized loans to any Indian tribe recognized by the Secretary of the Interior or tribal corporation established pursuant to the Indian Reorganization Act, which does not have adequate uncommitted funds, to acquire lands or interest in lands within the tribe's reservation or Alaskan Indian community, as determined by the Secretary

of the Interior, for use of the tribe or the corporation or the members thereof. Loans are made for 40 years or less. The interest rate for these loans is determined by the Secretary of Agriculture and currently is five percent.

Watershed Works of Improvement and Flood Prevention Loans. Loans are made to local organizations for financing the local share of the cost of installing, repairing or improving works of improvement and water storage facilities, purchasing sites or rights-of-way and for related costs in approved watershed works of improvement and flood prevention projects. FmHA has been assigned responsibility for making these loans to sponsors of such projects approved for operation by the Soil Conservation Service. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for works of improvement. Public Law 92-419, approved August 30, 1972, provided for making such loans on a direct basis under the Agricultural Credit Insurance Fund.

These loans are repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. For any single plan for works of improvement, the amount of the loan may not exceed \$10 million.

Resource Conservation and Development Loans. Loans are made to local sponsoring organizations when needed for financing the local share of the cost of installing, repairing or improving works of improvement, purchasing sites or rights-of-way and for related costs in approved resource conservation and development projects. The Farmers Home Administration has been assigned responsibility for making these loans to sponsors of resource conservation and development projects approved for operation by the Soil Conservation Service. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for development work. Public Law 92-419, approved August 30, 1972, provided for making such loans on a direct basis under the Agricultural Credit Insurance Fund.

These loans are repayable in not more than 30 years. Loans bear interest at a rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity.

BORROWER'S FINANCIAL OPPORTUNITIES

To ensure that public policy will be carried out, a specific set of borrower's rights has been set forth by Congress. These borrower rights provide a number of opportunities for borrowers in serious financial difficulty to have the debt written down in order to retain the farming business. These opportunities include traditional rescheduling, reamortization and deferrals. The Agricultural Credit Act of 1987 also adds debt write down and buyout at net recovery value, and revises the provisions for leaseback/buyback and homestead protection which were included in the Food Security Act of 1985. Descriptions of these financial opportunities follow:

(1) Rescheduling and/or Reamortization

Operating type loans can be rescheduled for up to 15 years with no limit on the number of times a loan can be rescheduled. Reamortization is for long term loans with reamortization of payments for up to 40 years from the date of the original loan. In addition, these loans can have interest rates reduced to limited resource rates which are three percent below regular rates.

(2) Deferral

Deferrals can be for up to five years with renewals possible. Interest accrues on deferred debt, so it is not a very viable choice for a borrower unless a substantial amount of other lender debt can be paid off or income increased during the deferral period. Farm plans must show that payment on the deferred debt can be resumed at the end of the deferral period.

(3) Debt Write Down

Debt write down is the major loan restructuring provision of the Agricultural Credit Act of 1987. The Act requires a determination be made as to whether the return to the Government would be equal or greater with the debt written down to net recovery value and keeping a farmer in business as compared to what would be received from foreclosure and liquidation. Net recovery value is the market value less all costs

of an involuntary liquidation. If the farm operation will cash flow at or above net recovery value, the debt will be restructured, thereby keeping the farmer on the farm.

(4) Buy Out at Net Recovery Value

If all combinations for rescheduling, reamortization, deferral or write down do not provide a restructuring program that will keep the borrower paying the restructured debt, the borrower then has the opportunity to pay off the debt at net recovery value. This can be a heavily discounted payoff. The payoff must be in full to FmHA with no credit being provided by the Agency. There is a high probability that many borrowers whose loans cannot be restructured will be able to pay off their loans at a few cents on the dollar. This will keep the borrower on the farm, debt free as far as FmHA is concerned, with a good opportunity to continue the farm business.

(5) Leaseback/Buyback

Leaseback/buyback is a transaction whereby the borrower conveys the property to the Agency in satisfaction of the debt and then leases the property back with an option to buy. The option must be exercised in five years or the property goes on the market. The Act requires that FmHA try to enter into a contract with the farmer wherein FmHA would assure the borrower that, upon conveyance, the Agency will lease or sell the property back to the borrower. Such sales may be made with FmHA providing the credit.

(6) Homestead Protection

Under homestead protection, FmHA is required to survey and establish a homestead which can consist of the home, outbuildings, and not more than ten acres of land. The homestead is leased to the borrower at a rental rate comparable to rental rates for the area. The lease is for up to five years and also carries an option to purchase. FmHA will provide the credit.

(7) Mediation

FmHA is required to participate in mediation in states that have certified mediation programs. To date, seventeen states have certified mediation programs. In those states without certified mediation, the Agency is required to attempt to arrange a meeting with undersecured creditors for the purpose of attempting to persuade other lenders to make adjustments that would enable the farmer to continue to farm.

The adequate servicing and supervision of delinquent farmer program loans to assist borrowers to overcome financial and management difficulties and to protect the Government's interest is, and continues to be, a prime concern of the Farmers Home Administration. The Agency makes every effort possible to assist financially stressed farm borrowers to overcome their difficulties. FmHA has found it necessary, in recent times of economic stress, to assist applicants and borrowers to remain in farming with some of the most lenient lending policies in its history. Borrowers and the agricultural community can be assured that the Agency understands delinquent borrower problems and will continue to work with borrowers on a fair but firm basis by using all available authorities to assist them to remain in farming when their farming operations are feasible.

Listed below are data regarding farmers in financial difficulty and the servicing actions taken by FmHA to help them.

	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
Number of farm borrowers	244,143	230,013	210,458
Number of farmers delinquent	60,487 (25%)	41,213 (18%)	31,925 (15%)
Number delinquent 3 years or more	70,425	68,178	57,185
Deferrals	782	3,901	3,226
Rescheduled, consolidated, reamortized	15,266	21,113	14,782
Subordinations	26,763	30,325	22,124
Acceleration letters	725	4,045	5,462
Foreclosures:			
FmHA	58	45	243
Non-FmHA	504	257	179
Bankruptcies	717	331	334
Liquidations:			
Voluntary conveyances	704	463	710
Sales other than foreclosure	924	749	753
Transfers and assumptions	252	199	286
Total Discontinued Farming <u>a/</u>	<u>3,159</u>	<u>2,044</u>	<u>2,505</u>
	=====	=====	=====
Farm Inventory Properties:			
Number of farm properties	4,685	4,271	3,411
Acres	1,543,350	1,376,002	1,143,738
Present market value (\$000)	\$637,165	\$553,408	\$455,853

a/ Does not include borrowers who have left farming where liquidation proceedings have not been completed or in some cases even initiated.

1990 LEGISLATIVE CHANGES

Following are selected provisions of the Food, Agriculture, Conservation, and Trade Act of 1990, Public Law 101-624, dated November 28, 1990 and the Omnibus Budget Reconciliation Act of 1990, Public Law 101-508, dated November 5, 1990 which will influence the future utilization of the Agency's loan programs and servicing actions:

- (1) Standardized limited resource rates for farm ownership and farm operating loans.
- (2) No write-off is permitted in any amount of delinquent debt which a borrower could eliminate by liquidating nonessential assets.
- (3) Debt forgiveness under restructuring and buy-out is limited to \$300,000 in principal and interest.
- (4) No borrower may obtain more than one write-off with respect to loans made after January 6, 1988.
- (5) Waives the requirement for crop insurance for emergency loan eligibility.
- (6) Requires outreach and technical assistance to assist socially disadvantaged farmers and ranchers.
- (7) The demonstration program providing guaranteed loans for purchase of farmland in the inventory of Farm Credit System lenders is extended to January 6, 1992.
- (8) The interest rate buy-down program for guarantees no longer requires lenders to match FmHA interest assistance.
- (9) Good faith is required for net recovery buy-out.

JUSTIFICATION OF INCREASES AND DECREASES

The FY 1992 Budget continues the initiative of the Omnibus Budget Reconciliation Act of 1990 shifting direct loan programs to guaranteed loan programs. The focus on guaranteed lending will facilitate graduations of loans from FmHA to private lenders, and the transfer of most loan making responsibilities to private lenders will enable FmHA to concentrate on providing supervised credit assistance to needy borrowers, insure an effective guarantee/graduation process, and allow for improved servicing of the existing portfolio.

The 1992 Budget also continues the initiative of subsidized guaranteed loan programs. This subsidy will be used to move moderate-income borrowers from the Agency's direct farm ownership and farm operating loan programs to the guaranteed loan programs. The interest subsidy can be up to 4 percent as provided in the Food, Agriculture, and Conservation and Trade Act of 1990. Prior to passage of that Act, FmHA would buy down up to 2 percent of interest with a matching interest rate reduction by the commercial bank.

The following adjustments result in a net decrease of \$1,013,100,000 in loan programs and an increase of \$10,074,000 in administrative expenses.

- (1) A decrease of \$20,200,000 for direct farm ownership loans (\$57,200,000 available in FY 1991).

Need for Change. The Omnibus Budget Reconciliation Act of 1990 provides \$87 million for direct farm ownership loans with a proposed shift of \$50.4 million to subsidized guaranteed farm ownership loans. The Budget adopted the Omnibus Budget Reconciliation Act of 1990 proposal, thus providing \$37 million for direct farm ownership loans. New real estate lending will be kept at a minimum level and targeted to the most financially needy applicants. Applicants must demonstrate the inability to afford loans assisted by guarantees and guarantees accompanied by an interest rate buydown. FmHA will establish annual target participation rates on a county-wide basis to ensure that members of socially disadvantaged groups will receive real estate loans and have the opportunity to purchase or lease inventory farmland. Real estate credit for existing FmHA borrowers will continue to be available through reamortization and rescheduling of loans secured by real estate.

Nature of Change. This program will be maintained at a level to enable the most financially needy applicants and members of socially disadvantaged groups to take advantage of the Agency's long term farm ownership loan program.

- (2) A decrease of \$844,000,000 for guaranteed farm ownership loans (\$994,000,000 available in FY 1991).

Need for Change. The Omnibus Budget Reconciliation Act of 1990, provides \$774 million for this program; however, it is expected that only \$150 million will be used. The program will facilitate graduation of FmHA borrowers to private sector credit sources. The Agricultural Credit Act of 1987, as amended, authorizes the transfer of funds from guaranteed farm operating loans to guaranteed farm ownership loans. In FY 1990 and FY 1991 the Agency transferred \$250 million to fund loans for purchases of Farm Credit System land and proposes, if necessary, a transfer be made in fiscal year 1992. Excluding the 1991 transfer, the program actually decreased by \$594 million.

Nature of Change. The program level will provide 950 unsubsidized guaranteed loans in FY 1992.

- (3) An increase of \$10,700,000 for subsidized guaranteed farm ownership loans (\$39,300,000 available in FY 1991).

Need for Change. The Omnibus Budget Reconciliation Act of 1990 proposed a shift of \$50.4 million in FY 1992 from direct loan authority to subsidized guaranteed loan authority. The Budget adopted the Omnibus Budget Reconciliation Act of 1990 and proposes \$50 million for this program. The Act also provided an interest subsidy of up to 4 percent. This program will assist moderate-income applicants. Also, the Agency's most credit-worthy direct loan borrowers will be assisted in graduating with a guaranteed loan

accompanied by an interest subsidy. The Food, Agriculture, Conservation and Trade Act of 1990 requires that at least 30 percent of subsidized guarantees be extended to direct loan borrowers.

Nature of Change. The program level will provide 315 subsidized guaranteed loans in FY 1992.

- (4) A decrease of \$83,300,000 for direct farm operating loans (\$493,300,000 available in FY 1991).

Need for Change. The Omnibus Budget Reconciliation Act of 1990 provides \$973 million for direct operating loans with a proposed shift of \$563.6 million to subsidized guaranteed farm operating loans. The Budget adopted the Omnibus Budget Reconciliation Act of 1990 proposal, thus providing \$410 million for direct operating loans. The Agency will make maximum use of the guaranteed operating loan program, in lieu of the direct loan program, to facilitate participation of the private agricultural credit sector. All the direct loans will be made at the limited resource rate to low-income borrowers.

Nature of Change. The program level will provide 8,540 direct loans in FY 1992.

- (5) A decrease of \$162,000,000 for guaranteed farm operating loans (\$2,162,000,000 available in FY 1991).

Need for Change. The Agency will make use of the guaranteed operating loan program to facilitate participation of the private agricultural credit sector. Also, the Agency has coordinated and worked with the Farm Credit Administration and private lenders to increase participation in the guaranteed loan area. The shift toward guaranteed lending will facilitate graduation of FmHA borrowers to private sector credit sources and focus FmHA staff resources on servicing requirements of its delinquent borrowers. The Agricultural Credit Act of 1987 authorizes the transfer of funds from guaranteed farm operating loans to guaranteed farm ownership loans. In FY 1990 and FY 1991 the Agency transferred \$250 million to fund loans for the purchase of Farm Credit System land and proposes, if necessary, a transfer be made in fiscal year 1992. The program actually increased by \$412 million, excluding the 1991 transfer.

Nature of Change. The program level will provide 20,150 guaranteed loans in FY 1992.

- (6) An increase of \$121,300,000 for subsidized guaranteed farm operating loans (\$442,700,000 available in FY 1991).

Need for Change. The Omnibus Budget Reconciliation Act of 1990 proposed \$563.6 million in FY 1992 be shifted from direct loan authority to subsidized guaranteed loan authority. The Budget adopted the Omnibus Budget Reconciliation Act of 1990 proposal and proposes \$564 million for this program. The Food, Agriculture, Conservation, and Trade Act also provided an interest subsidy of up to 4 percent. As required by the Food, Agriculture, Conservation and Trade Act of 1990, at least 30 percent of these loans will be made to graduate the Agency's most credit-worthy direct loan borrowers. In addition, moderate-income applicants will be assisted with a guaranteed loan accompanied by an interest subsidy.

Nature of Change. The program level will provide 5,690 subsidized guaranteed loans in FY 1992.

- (7) A decrease of \$75,000,000 for emergency disaster loans (\$100,000,000 available in FY 1991).

Need for Change. There is a \$600 million funding level available in FY 1991; however, only \$100 million is expected to be used for 2,460 loans. In FY 1992 the funding level of \$25 million will fund emergency actual loss loans and should be sufficient to meet the anticipated demand. The Food, Agriculture, Conservation, and Trade Act of 1990 waived the requirement that applicants for emergency loans must have crop insurance for 1990 crops.

Nature of Change. The program level will provide 590 loans in FY 1992.

- (8) A decrease of \$5,500,000 for direct and \$1,500,000 for guaranteed soil and water loans (\$7,000,000 available in FY 1991).

Need for Change. Elimination of the direct and guaranteed soil and water loan programs reflects redirection of Agency lending to the guaranteed operating lending function. Also, historically there has been very limited use of the guaranteed soil and water program. Some activities funded under the soil and water loan program may be funded through the direct and guaranteed operating lending program.

Nature of Change. No program is proposed in FY 1992.

- (9) An increase of \$1,000,000 for direct Indian tribe land acquisition loans (\$1,000,000 available in FY 1991).

Need for Change. These loans are limited to the acquisition of land within the defined boundaries of a tribe's reservation. The Agency is conducting various activities which will make Native Americans more aware of the programs administered by FmHA which will assist them in meeting their needs. As a result of the Agency's initiative, the demand for Indian Tribe Land Acquisition Loans has increased.

Nature of Change. The level of \$2,000,000 reflects the anticipated level of loans which may be required.

- (10) A decrease of \$4,000,000 for direct watershed protection and flood prevention loans (\$4,000,000 available in FY 1991).

Need for Change. There has been little demand for this program in recent years. No loans have been obligated in FY 1988 and FY 1989, and only two loans were obligated in FY 1990.

Nature of Change. No program level is proposed in FY 1992.

- (11) A decrease of \$600,000 for direct resource conservation and development loans (\$600,000 available in FY 1991).

Need for Change. There has been little demand for this program in recent years. Only one loan was obligated in FY 1990, and no loans were obligated in FY 1986 through FY 1989.

Nature of Change. No program level is proposed in FY 1992.

- (12) An increase of \$50,000,000 for credit sales of acquired property (\$200,000,000 estimated in FY 1991).

Need for Change. New and beginning farmers will be assisted by this program. The level requested represents the anticipated amount of direct loans made by credit sales from acquired properties in inventory.

Nature of Change. This level reflects the anticipated level of credit sales of acquired property which may be required.

- (13) An increase of \$156,517,000 for the direct loan subsidy.

Need for Change. This estimated subsidy amount is necessary to support the direct loan obligations associated with the requested FY 1992 loan level under the provisions of the Omnibus Budget Reconciliation Act of 1990.

- (14) An increase of \$98,343,000 for the guaranteed loan subsidy.

Need for Change. This estimated subsidy amount is necessary to support the guaranteed loan commitments associated with the requested FY 1992 loan level under the provisions of the Omnibus Budget Reconciliation Act of 1990. The subsidy estimate for subsidized guaranteed loans is based on a 4 percent interest rate buydown for 10 years for farm ownership loans and 1 to 7 years for farm operating loans.

- (15) An increase of \$10,074,000 for administrative expenses (\$220,105,000 available in FY 1991).

Need for Change. Justification for administrative expenses and staff-years is reflected in the Salaries and Expenses Project Statement.

(c) Agricultural Credit Insurance Fund Direct Loan Financing Account

As required by the Omnibus Budget Reconciliation Act of 1990, this non-budgetary account records the obligations and cash flows to and from the Government resulting from direct loans obligated in FY 1992 and beyond. These cash flows may include, but are not limited to, direct loan subsidy payments from the subsidy account, loan disbursements, principal repayments and interest payments from borrowers, prepayments or fees, proceeds from the sale of loans, and interest paid on Treasury borrowing. In addition, this account will keep track of the available budget authority for direct loan disbursements and has permanent, indefinite authority to borrow to finance direct loan disbursements. All transactions of the financing account are a means of financing and are excluded from the budget deficit calculation.

(d) Agricultural Credit Insurance Fund Guaranteed Loan Financing Account

As required by the Omnibus Budget Reconciliation Act of 1990, this non-budgetary account records the commitments and cash flows to and from the Government associated with guaranteed loan commitments made in FY 1992 and beyond. These cash flows may include, but are not limited to, guaranteed loan subsidy payments from the program account, default claims on guaranteed loan commitments, fees, collections on defaulted loans and receipt of interest on uninvested funds. In addition, this account will keep track of the available budget authority for guaranteed loan commitments. The account will also maintain a reserve to cover payments for defaults on guaranteed loans. All transactions of the financing account are a means of financing and are excluded from the budget deficit calculation.

Farmers Home Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 Actual and Estimated 1991 and 1992

Agricultural Credit Insurance Fund
Insured Farm Ownership Loan Program

	1990 Amount	1991 Amount	1992 Amount
Alabama.....	1,464,570	775,000	503,750
Alaska.....	--	100,000	65,000
Arizona.....	413,500	340,000	221,000
Arkansas.....	1,939,560	1,092,000	709,800
California.....	3,102,100	2,184,000	1,419,600
Colorado.....	748,500	784,000	509,600
Connecticut.....	500,000	178,000	115,700
Delaware.....	125,000	188,000	122,200
Florida.....	928,400	807,000	524,550
Georgia.....	1,196,660	875,000	568,750
Hawaii.....	445,600	264,000	171,600
Idaho.....	881,560	678,000	440,700
Illinois.....	4,151,130	2,930,000	2,104,500
Indiana.....	2,517,750	1,804,000	1,172,600
Iowa.....	5,114,100	3,600,000	2,560,000
Kansas.....	2,889,390	1,838,000	1,194,700
Kentucky.....	2,262,680	1,635,000	1,062,750
Louisiana.....	921,610	712,000	462,800
Maine.....	506,400	281,000	182,650
Maryland.....	592,000	426,000	276,900
Massachusetts.....	1,574,400	222,000	144,300
Michigan.....	1,343,700	1,077,000	700,050
Minnesota.....	3,143,000	2,309,000	1,750,850
Mississippi.....	1,144,210	751,000	488,150
Missouri.....	2,837,040	2,150,000	1,647,500
Montana.....	1,276,700	852,000	553,800
Nebraska.....	3,143,150	2,130,000	1,634,500
Nevada.....	300,000	201,000	130,650
New Hampshire.....	362,790	200,000	130,000
New Jersey.....	410,750	277,000	180,050
New Mexico.....	714,710	418,000	271,700
New York.....	1,399,900	879,000	571,350
North Carolina.....	1,699,630	1,199,000	779,350
North Dakota.....	2,665,890	1,223,000	794,950
Ohio.....	2,434,600	1,813,000	1,428,450
Oklahoma.....	2,597,500	1,397,000	908,050
Oregon.....	1,014,500	656,000	426,400
Pennsylvania.....	1,672,300	1,226,000	796,900
Rhode Island.....	--	123,000	79,950
South Carolina.....	1,160,050	513,000	333,450
South Dakota.....	2,058,470	1,209,000	785,850
Tennessee.....	2,063,370	1,272,000	826,800
Texas.....	5,173,860	3,626,000	2,856,900
Utah.....	851,500	436,000	283,400
Vermont.....	377,400	273,000	177,450
Virginia.....	682,100	942,000	612,300
Washington.....	1,209,350	803,000	521,950
West Virginia.....	702,520	486,000	315,900
Wisconsin.....	3,100,920	1,903,000	1,736,950
Wyoming.....	659,500	443,000	287,950
Puerto Rico.....	1,169,960	500,000	325,000
Trust Territories..	--	100,000	65,000
Virgin Islands.....	339,000	100,000	65,000
Reserve.....	--	4,000,000	--
Total, Avail./Est..	79,983,280	57,200,000	37,000,000

Farmers Home Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 Actual and Estimated 1991 and 1992

Agricultural Credit Insurance Fund
Guaranteed Farm Ownership Loan Program

	1990 Amount	1991 Amount	1992 Amount
Alabama.....	5,234,500	10,785,000	3,019,800
Alaska.....	--	300,000	84,000
Arizona.....	128,000	4,739,000	1,326,920
Arkansas.....	15,961,300	15,202,000	4,256,560
California.....	757,260	30,396,000	8,510,880
Colorado.....	5,116,170	10,915,000	3,056,200
Connecticut.....	225,000	2,482,000	694,960
Delaware.....	900,910	2,622,000	734,160
Florida.....	1,175,890	11,237,000	3,146,360
Georgia.....	10,091,500	12,175,000	3,409,000
Hawaii.....	--	3,676,000	1,029,280
Idaho.....	2,345,550	9,441,000	2,643,480
Illinois.....	14,446,450	40,782,000	10,418,960
Indiana.....	6,445,260	25,105,000	7,029,400
Iowa.....	25,869,130	50,108,000	12,030,340
Kansas.....	15,442,170	25,578,000	7,161,840
Kentucky.....	6,947,700	22,765,000	6,374,200
Louisiana.....	8,795,220	9,912,000	2,775,360
Maine.....	435,900	3,916,000	1,096,480
Maryland.....	1,750,400	5,925,000	1,659,000
Massachusetts.....	1,504,500	3,093,000	866,040
Michigan.....	10,985,050	14,989,000	4,196,920
Minnesota.....	20,377,490	32,145,000	8,500,600
Mississippi.....	20,834,060	10,458,000	2,928,240
Missouri.....	10,948,160	29,925,000	8,379,000
Montana.....	6,145,990	11,853,000	3,318,840
Nebraska.....	16,919,250	29,652,000	8,302,560
Nevada.....	243,000	2,795,000	782,600
New Hampshire.....	855,000	2,786,000	780,080
New Jersey.....	375,000	3,853,000	1,078,840
New Mexico.....	3,475,100	5,818,000	1,629,040
New York.....	6,255,100	12,241,000	3,427,480
North Carolina.....	14,012,210	16,691,000	4,673,480
North Dakota.....	14,209,210	17,018,000	4,765,040
Ohio.....	3,965,300	25,237,000	7,066,360
Oklahoma.....	12,096,790	19,446,000	5,444,880
Oregon.....	958,500	9,137,000	2,558,360
Pennsylvania.....	5,616,630	17,067,000	4,778,760
Rhode Island.....	--	1,710,000	478,800
South Carolina.....	4,754,260	7,144,000	2,000,320
South Dakota.....	5,257,320	16,828,000	4,711,840
Tennessee.....	2,957,720	17,701,000	4,956,280
Texas.....	12,177,730	50,482,000	12,310,860
Utah.....	2,757,680	6,063,000	1,697,640
Vermont.....	5,776,500	3,798,000	1,063,440
Virginia.....	3,628,540	13,116,000	3,672,480
Washington.....	4,721,250	11,171,000	3,127,880
West Virginia.....	3,243,310	6,771,000	1,895,880
Wisconsin.....	29,268,830	26,490,000	7,417,200
Wyoming.....	1,757,800	6,161,000	1,725,080
Puerto Rico.....	574,000	3,000,000	840,000
Trust Territories..	--	300,000	84,000
Virgin Islands.....	--	300,000	84,000
Reserve.....	--	50,000,000	--
Transfer funds.....	--	250,000,000 1/	--
Total, Avail./Est..	348,719,590	1,033,300,000	200,000,000

1/ Includes \$250 million transferred from guaranteed farm operating loans for purchase of FCS inventory property.

Farmers Home Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

Agricultural Credit Insurance Fund
Insured Farm Operating Loan Program

	1990 Amount	1991 Amount	1992 Amount
Alabama.....	11,705,200	7,380,000	6,494,400
Alaska.....	--	200,000	176,000
Arizona.....	1,105,350	1,038,000	913,440
Arkansas.....	21,730,940	13,144,000	11,566,720
California.....	21,397,410	14,517,000	12,774,960
Colorado.....	5,288,090	4,026,000	3,542,880
Connecticut.....	1,178,440	890,000	783,200
Delaware.....	649,100	626,000	550,880
Florida.....	3,926,480	3,200,000	2,816,000
Georgia.....	15,326,060	9,465,000	8,329,200
Hawaii.....	674,550	716,000	630,080
Idaho.....	13,865,190	8,395,000	7,387,600
Illinois.....	18,942,610	14,282,000	12,568,160
Indiana.....	16,694,760	11,574,000	10,185,120
Iowa.....	30,083,900	21,330,000	18,770,400
Kansas.....	24,151,230	15,594,000	13,722,720
Kentucky.....	13,066,120	9,405,000	8,276,400
Louisiana.....	49,413,560	27,213,000	23,947,440
Maine.....	5,546,680	3,379,000	2,973,520
Maryland.....	855,060	1,088,000	957,440
Massachusetts.....	2,274,680	1,536,000	1,351,680
Michigan.....	17,737,060	11,106,000	9,773,280
Minnesota.....	40,911,960	25,285,000	22,250,800
Mississippi.....	42,998,350	23,921,000	21,050,480
Missouri.....	13,006,520	10,190,000	8,967,200
Montana.....	6,244,890	4,593,000	4,041,840
Nebraska.....	22,620,320	15,169,000	13,348,720
Nevada.....	831,710	749,000	659,120
New Hampshire.....	1,153,200	908,000	799,040
New Jersey.....	852,870	857,000	754,160
New Mexico.....	5,426,650	3,473,000	3,056,240
New York.....	15,671,090	9,763,000	8,591,440
North Carolina.....	15,898,120	10,211,000	8,985,680
North Dakota.....	31,652,150	18,668,000	16,427,840
Ohio.....	16,893,670	11,720,000	10,313,600
Oklahoma.....	36,577,670	21,499,000	18,919,120
Oregon.....	8,126,650	5,309,000	4,671,920
Pennsylvania.....	16,899,430	10,842,000	9,540,960
Rhode Island.....	251,650	318,000	279,840
South Carolina.....	11,905,550	7,102,000	6,249,760
South Dakota.....	8,353,980	6,267,000	5,514,960
Tennessee.....	24,054,250	14,705,000	12,940,400
Texas.....	90,353,920	53,205,000	44,294,000
Utah.....	4,227,670	2,896,000	2,548,480
Vermont.....	2,545,120	1,775,000	1,562,000
Virginia.....	7,293,690	5,290,000	4,655,200
Washington.....	12,249,080	7,709,000	6,783,920
West Virginia.....	2,621,410	2,136,000	1,879,680
Wisconsin.....	12,659,510	9,855,000	8,672,400
Wyoming.....	2,248,750	1,861,000	1,637,680
Puerto Rico.....	2,958,700	2,000,000	1,760,000
Trust Territories..	--	200,000	176,000
Virgin Islands.....	190,300	200,000	176,000
Reserve.....	--	24,520,000	--
Total, Avail./Est..	733,291,300	493,300,000	410,000,000

Farmers Home Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 Actual and Estimated 1991 and 1992

Agricultural Credit Insurance Fund
Guaranteed Farm Operating Loan Program

	1990 Amount	1991 Amount	1992 Amount
Alabama.....	7,433,020	36,374,000	38,192,700
Alaska.....	--	400,000	420,000
Arizona.....	837,800	13,974,000	14,672,700
Arkansas.....	31,612,490	50,318,000	52,833,900
California.....	22,981,920	98,221,000	101,132,050
Colorado.....	8,408,650	37,814,000	39,704,700
Connecticut.....	266,000	8,195,000	8,604,750
Delaware.....	478,140	8,729,000	9,165,450
Florida.....	4,822,500	34,608,000	36,338,400
Georgia.....	35,175,570	41,513,000	43,588,650
Hawaii.....	--	11,070,000	11,623,500
Idaho.....	15,367,690	32,349,000	33,966,450
Illinois.....	46,050,910	131,193,000	135,752,650
Indiana.....	17,050,280	84,321,000	88,537,050
Iowa.....	53,176,330	166,579,000	171,907,950
Kansas.....	44,767,920	86,420,000	90,741,000
Kentucky.....	13,832,840	76,689,000	80,523,450
Louisiana.....	67,310,190	31,669,000	33,252,450
Maine.....	903,300	13,580,000	14,259,000
Maryland.....	2,257,760	19,636,000	20,617,800
Massachusetts.....	1,183,000	10,207,000	10,717,350
Michigan.....	27,868,250	52,735,000	55,371,750
Minnesota.....	44,385,380	111,403,000	114,973,150
Mississippi.....	39,359,360	35,024,000	36,775,200
Missouri.....	23,440,340	101,966,000	106,064,300
Montana.....	12,173,910	39,696,000	41,680,800
Nebraska.....	38,876,300	98,337,000	103,253,850
Nevada.....	288,770	9,532,000	10,008,600
New Hampshire.....	308,500	9,172,000	9,630,600
New Jersey.....	1,600,000	12,532,000	13,158,600
New Mexico.....	5,916,640	18,453,000	19,375,650
New York.....	8,898,680	45,060,000	47,313,000
North Carolina.....	16,178,700	55,201,000	57,961,050
North Dakota.....	40,642,510	58,515,000	61,440,750
Ohio.....	13,014,620	85,553,000	89,830,650
Oklahoma.....	42,788,860	65,357,000	68,624,850
Oregon.....	9,245,030	31,001,000	32,551,050
Pennsylvania.....	4,957,030	58,309,000	61,224,450
Rhode Island.....	--	5,707,000	5,992,350
South Carolina.....	11,369,600	24,505,000	25,730,250
South Dakota.....	18,638,150	56,873,000	59,716,650
Tennessee.....	13,694,850	60,502,000	63,527,100
Texas.....	83,157,920	164,439,000	170,225,950
Utah.....	3,351,780	20,250,000	21,262,500
Vermont.....	10,094,580	13,188,000	13,847,400
Virginia.....	5,084,640	44,027,000	46,228,350
Washington.....	19,763,560	37,640,000	39,522,000
West Virginia.....	2,038,150	23,112,000	24,267,600
Wisconsin.....	28,650,470	97,262,000	101,125,100
Wyoming.....	7,880,070	20,690,000	21,724,500
Puerto Rico.....	1,165,000	4,000,000	4,200,000
Trust Territories..	--	400,000	420,000
Virgin Islands.....	--	400,000	420,000
Reverse.....	--	150,000,000	--
Total, Avail./Est..	908,747,960	2,604,700,000 1/	2,564,000,000

1/ Excludes \$250 million transferred to guaranteed farm ownership for purchase of FCS inventory property.

Farmers Home Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 Actual and Estimated 1991 and 1992

Agricultural Credit Insurance Fund
Emergency Loan Program

	1990 Amount	1991 Amount	1992 Amount
Alabama.....	\$159,190	--	--
Alaska.....	--	--	--
Arizona.....	--	--	--
Arkansas.....	1,408,370	--	--
California.....	613,000	--	--
Colorado.....	395,540	--	--
Connecticut.....	129,180	--	--
Delaware.....	184,840	--	--
Florida.....	5,018,420	--	--
Georgia.....	76,960	--	--
Hawaii.....	--	--	--
Idaho.....	128,880	--	--
Illinois.....	942,360	--	--
Indiana.....	444,040	--	--
Iowa.....	602,780	--	--
Kansas.....	3,132,590	--	--
Kentucky.....	185,010	--	--
Louisiana.....	11,286,760	--	--
Maine.....	--	--	--
Maryland.....	457,000	--	--
Massachusetts.....	--	--	--
Michigan.....	2,039,890	--	--
Minnesota.....	1,179,250	--	--
Mississippi.....	4,076,760	--	--
Missouri.....	366,190	--	--
Montana.....	2,529,470	--	--
Nebraska.....	517,280	--	--
Nevada.....	--	--	--
New Hampshire.....	--	--	--
New Jersey.....	2,565,650	--	--
New Mexico.....	22,040	--	--
New York.....	6,654,650	--	--
North Carolina.....	989,450	--	--
North Dakota.....	9,235,310	--	--
Ohio.....	1,297,410	--	--
Oklahoma.....	2,668,950	--	--
Oregon.....	241,370	--	--
Pennsylvania.....	320,270	--	--
Rhode Island.....	--	--	--
South Carolina.....	2,620,830	--	--
South Dakota.....	506,500	--	--
Tennessee.....	1,254,440	--	--
Texas.....	5,025,020	--	--
Utah.....	1,029,900	--	--
Vermont.....	74,800	--	--
Virginia.....	461,600	--	--
Washington.....	5,000	--	--
West Virginia.....	750,470	--	--
Wisconsin.....	867,100	--	--
Wyoming.....	79,390	--	--
Puerto Rico.....	28,124,870	--	--
Trust Territories..	--	--	--
Virgin Islands.....	841,000	--	--
Total, Avail./Est..	101,509,780	100,000,000 1/	25,000,000 1/

1/ Cannot be distributed by geographic area in advance.

Farmers Home Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 Actual and Estimated 1991 and 1992

Agricultural Credit Insurance Fund
Insured Soil and Water Loan Program

	1990 Amount	1991 Amount	1992 Amount
Arizona.....	216,500	--	--
Arkansas.....	1,185,910	--	--
California.....	248,300	--	--
Colorado.....	77,000	--	--
Connecticut.....	6,500	--	--
Florida.....	22,100	--	--
Georgia.....	54,900	--	--
Idaho.....	210,790	--	--
Illinois.....	190,700	--	--
Indiana.....	5,000	--	--
Iowa.....	81,500	--	--
Kansas.....	376,330	--	--
Kentucky.....	119,630	--	--
Louisiana.....	13,110	--	--
Massachusetts.....	121,100	--	--
Michigan.....	41,500	--	--
Minnesota.....	78,500	--	--
Mississippi.....	31,650	--	--
Missouri.....	99,060	--	--
Montana.....	326,320	--	--
Nebraska.....	201,700	--	--
Nevada.....	90,000	--	--
New Hampshire.....	10,000	--	--
New Jersey.....	117,540	--	--
New Mexico.....	66,000	--	--
New York.....	38,500	--	--
North Carolina.....	51,220	--	--
North Dakota.....	86,100	--	--
Oklahoma.....	56,680	--	--
Oregon.....	138,850	--	--
Pennsylvania.....	65,000	--	--
Rhode Island.....	7,000	--	--
South Carolina.....	28,000	--	--
South Dakota.....	12,000	--	--
Tennessee.....	4,500	--	--
Texas.....	421,810	--	--
Utah.....	110,800	--	--
Vermont.....	90,160	--	--
Washington.....	251,700	--	--
West Virginia.....	11,200	--	--
Wisconsin.....	54,000	--	--
Wyoming.....	78,000	--	--
Total, Avail./Est..	5,497,160	5,500,000 1/	--

Guaranteed Soil and Water Loan Program

Arkansas.....	79,800	--	--
Georgia.....	40,000	--	--
Louisiana.....	63,470	--	--
Minnesota.....	51,000	--	--
Mississippi.....	150,000	--	--
Nebraska.....	95,700	--	--
Nevada.....	20,380	--	--
Oregon.....	65,000	--	--
Total, Avail./Est..	565,350	1,500,000 1/	--

1/ Cannot be distributed by geographic area in advance.

Farmers Home Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 Actual and Estimated 1991 and 1992

Indian Land Acquisition Loan Program

	1990 Amount	1991 Amount	1992 Amount
Idaho.....	520,000	--	--
Wisconsin.....	480,000	--	--
Total, Avail./Est..	1,000,000	1,000,000 1/	2,000,000 1/

Insured Watershed and Flood Prevention Loan Program

Iowa.....	2,479,000	--	--
Mississippi.....	170,000	--	--
Total, Avail./Est..	2,649,000	4,000,000 1/	--

Resource Conservation and Development Loan Program

Idaho.....	72,300	--	--
Total, Avail./Est..	72,300	600,000 1/	--

1/ Cannot be distributed by geographic area in advance.

Farmers Home Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 Actual and Estimated 1991 and 1992

Agricultural Credit Insurance Fund
Interest Rate Buydown Program

	1990 Amount	1991 Amount	1992 Amount
Alabama.....	--	350,000	--
Alaska.....	--	350,000	--
Arizona.....	--	350,000	--
Arkansas.....	9,000	379,250	--
California.....	15,240	365,530	--
Colorado.....	161,177	523,825	--
Connecticut.....	--	350,000	--
Delaware.....	4,590	350,000	--
Florida.....	--	350,000	--
Georgia.....	59,629	393,794	--
Hawaii.....	--	350,000	--
Idaho.....	7,110	373,108	--
Illinois.....	739,337	4,108,455	--
Indiana.....	111,495	462,359	--
Iowa.....	1,864,410	6,059,333	--
Kansas.....	824,859	2,680,792	--
Kentucky.....	97,790	417,818	--
Louisiana.....	145,769	350,000	--
Maine.....	--	350,000	--
Maryland.....	--	350,000	--
Massachusetts.....	--	350,000	--
Michigan.....	608,713	4,037,346	--
Minnesota.....	1,990,083	4,215,376	--
Mississippi.....	26,750	360,153	--
Missouri.....	469,598	1,526,194	--
Montana.....	217,428	706,641	--
Nebraska.....	472,498	1,535,619	--
Nevada.....	--	350,000	--
New Hampshire.....	--	350,000	--
New Jersey.....	--	350,000	--
New Mexico.....	91,064	374,655	--
New York.....	54,450	376,963	--
North Carolina.....	--	350,000	--
North Dakota.....	2,368,372	8,082,088	--
Ohio.....	5,926	350,260	--
Oklahoma.....	420,554	1,660,800	--
Oregon.....	20,811	367,636	--
Pennsylvania.....	30,711	399,811	--
Rhode Island.....	--	350,000	--
South Carolina.....	--	350,000	--
South Dakota.....	229,406	745,570	--
Tennessee.....	2,310	352,650	--
Texas.....	53,969	375,399	--
Utah.....	54,987	378,708	--
Vermont.....	22,800	382,173	--
Virginia.....	7,849	365,000	--
Washington.....	28,376	400,222	--
West Virginia.....	2,202	350,000	--
Wisconsin.....	2,628,409	9,542,474	--
Wyoming.....	49,089	350,000	--
Puerto Rico.....	--	350,000	--
Trust Territories..	--	350,000	--
Virgin Islands.....	--	350,000	--
Total, Avail./Est.. 1/	13,896,761	60,000,000	--

1/ In 1990 and 1991, amounts represent cash paid from the Fund. In 1992, under Credit Reform, interest subsidy costs are appropriated in the program account.

FARMERS HOME ADMINISTRATION

The 1992 Budget Estimates include language for this item as follows (new language underscored):

State Mediation Grants:

For grants pursuant to section 502(b) of the Agricultural Credit Act of 1987, as amended (7 U.S.C. 5101-5106), \$2,000,000.

This change provides new language for funds for the State Mediation Grants. These grants were previously included in the Agricultural Credit Insurance Fund.

State Mediation Grants

Appropriation Act, 1991.....	\$3,750,000
Budget Estimate, 1992.....	<u>2,000,000</u>
Decrease in Appropriation.....	<u>-1,750,000</u>
	=====

PROJECT STATEMENT
(On basis of appropriation)

Project	: 1990 : Actual	: 1991 : Estimated	: Decrease	: 1992 : Estimated
State mediation grants, appropriation.....	: \$3,456,000	: \$3,750,000	: \$-1,750,000	: \$2,000,000
	=====			

The FY 1990 actual and FY 1991 estimated activity is included in the above section for comparability purposes. They were appropriated under the Agricultural Credit Insurance Fund.

Staff-years are reflected on the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This program is authorized under Title V of the Agricultural Credit Act of 1987. Grants are made to states which have been certified by FmHA as having an agricultural loan mediation program. Grants will be solely for operation and administration of the state's agricultural loan mediation program. A grant will not exceed 50 percent of the total fiscal year funds that a qualifying state requires to operate and administer its agricultural loan mediation program. In no case will the total amount of a grant exceed \$500,000 annually.

JUSTIFICATION OF DECREASE

A decrease of \$1,750,000 for state mediation grants (\$3,750,000 available in FY 1991).

Need for Change. Since the initial requests for debt restructuring of delinquent FmHA farmer program loans have been processed, it is anticipated that the number of new and subsequent requests for state mediation grants will drop sharply. The reduction to \$2 million in FY 1992 reflects the anticipated level required to carry out the program.

Nature of Change. The level of \$2,000,000 reflects the anticipated level of state mediation grants which may be required.

Farmers Home Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 Actual and Estimated 1991 and 1992

State Mediation Program

	1990 Amount	1991 Amount	1992 Amount
Alabama.....	170,840	250,000	132,500
Arkansas.....	82,500	98,175	52,033
Indiana.....	37,340	44,435	25,550
Iowa.....	255,890	304,509	161,390
Kansas.....	451,990	450,868	238,960
Minnesota.....	500,000	581,930	308,423
Mississippi.....	81,160	96,580	52,187
Montana.....	15,000	20,000	13,100
Nebraska.....	177,650	211,404	112,044
New Mexico.....	59,500	70,805	37,527
North Dakota.....	375,000	446,250	236,513
Oklahoma.....	262,760	312,684	165,723
Oregon.....	--	46,000	26,380
South Dakota.....	92,360	109,908	58,251
Texas.....	427,970	509,284	269,921
Utah.....	10,000	20,000	13,600
Wisconsin.....	93,880	111,717	59,210
Wyoming.....	55,000	65,450	36,690
Total, Avail./Est..	3,148,840	3,750,000	2,000,000

FARMERS HOME ADMINISTRATION

The 1992 Budget Estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Housing Insurance Fund:

[From funds in the Rural Housing Insurance Fund, and for insured and guaranteed loans as authorized by title V of the Housing Act of 1949, as amended, \$1,978,581,000, of which not less than \$1,857,981,000 shall be for subsidized interest loans to low-income borrowers, as determined by the Secretary, and for subsequent loans to existing borrowers or to purchasers under assumption agreements or credit sales, and for loans to finance sales or transfers to nonprofit organizations or public agencies of not more than 5,000 rental units related to prepayment; and not to exceed \$10,000,000 to enter into collection and servicing contracts pursuant to the provisions of section 3(f)(3) of the Federal Claims Act of 1966 (31 U.S.C. 3718). During fiscal year 1991, commitments to guarantee loans may be made only to the extent that the total loan principal, any part of which is to be guaranteed, shall not exceed \$100,000,000.]

[For rental assistance agreements entered into or renewed pursuant to the authority under section 521(a)(2) of the Housing Act of 1949, as amended, total new obligations shall not exceed \$308,100,000, to be added to and merged with the authority provided for this purpose in prior fiscal years: Provided, That of this amount not less than \$128,158,000 is available for newly constructed units financed by section 515 of the Housing Act of 1949, as amended, and not more than \$5,214,000 is for newly constructed units financed under sections 514 and 516 of the Housing Act of 1949: Provided further, That \$174,728,000 is available for expiring agreements and for servicing of existing units without agreements: Provided further, That agreements entered into or renewed during fiscal year 1991 shall be funded for a five-year period, although the life of any such agreement may be extended to fully utilize amounts obligated: Provided further, That agreements entered into or renewed during fiscal years 1987, 1988, 1989, and 1990, may also be extended beyond five years to fully utilize amounts obligated.]

[For an additional amount to reimburse the Rural Housing Insurance Fund for interest subsidies and losses sustained in prior years, but not previously reimbursed, in carrying out the provisions of title V of the Housing Act of 1949, as amended (42 U.S.C. 1483, 1487(e), and 1490a(c)), including \$40,000 as authorized by section 521(c) of the Act, also including not to exceed \$11,800,000 for debt forgiveness or payments for eligible households as authorized by section 502(c)(5)(D) of the Act, and not to exceed \$10,000 per project for advances to nonprofit organizations or public agencies to cover direct costs (other than purchase price) incurred in purchasing projects pursuant to section 502(c)(5)(C) of the Act; \$2,667,186,000. For an additional amount as authorized by section 521(c) of the Act, such sums as may be necessary to reimburse the fund to carry out a rental assistance program under section 521(a)(2) of the Housing Act of 1949, as amended.]

This change eliminates the entire existing appropriation language for the Rural Housing Insurance Fund liquidating account. All loan activity in fiscal year 1992 and beyond will be reflected in the Rural Housing Insurance Fund Program Account. The Rental Assistance Program in fiscal year 1992 and beyond will be reflected in a separate new Rental Assistance Program account. Under Credit Reform, an additional amount to reimburse the Rural Housing Insurance Fund for interest subsidies and losses incurred will not be requested.

RURAL HOUSING INSURANCE FUND

The 1992 budget reflects the new credit reform procedures for federal credit programs authorized by the Balanced Budget Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990. Basically, these procedures require that budget authority and outlays for these programs represent subsidy costs, including interest subsidies, defaults, and administrative expenses, rather than loan disbursements and repayments. Loan levels are included in the appropriation language requested for the subsidy amount for FY 1992. The appropriation language also specifies the portion of the requested budget authority to be used for administrative expenses. Budget authority for the subsidy represents the difference between the Government's cash disbursements and the net present value of estimated cash inflows over the lifetime of the loans; whereas outlays represent the portion of the subsidy related to the loan amount disbursed within the year. Budget authority and outlays for the subsidies are presented in the Budget in "loan program accounts." All loan disbursement and repayment activity related to loans made in FY 1992 or later appear in a "financing account" and are considered "off-budget" for purposes of estimating the deficit. Budget authority and outlays for existing portfolios of loans are reflected in the Budget in "liquidating accounts" and are calculated as before, to represent disbursements, borrower repayments and payments, Federal Financing Bank repayments and Treasury borrowing requirements.

(a) Rural Housing Insurance Fund - Liquidating Account

As required by Title XIII, section 13201, of the Omnibus Budget Reconciliation Act of 1990, the current revolving fund account will be referred to as a liquidating account. No new loans and no administrative expenses will be charged to it after FY 1991. The liquidating account will be used to liquidate the loans made prior to FY 1992, as long as the terms and conditions of these loans do not change. Activity of this account will include loan disbursements, collections of interest, loan repayments and prepayments, payments of interest to Treasury and the Federal Financing Bank, proceeds from the sale of acquired property, fees, and other revenues and expenses related to obligations and commitments made prior to FY 1992. Although FY 1990 actual and FY 1991 estimated activity is included in the sections that follow, they are also provided for comparability purposes only.

Under Credit Reform, the liquidating account will not now or in the future request an appropriation to reimburse the Fund for losses which will incur and have incurred since September 30, 1989.

(b) Rural Housing Insurance Fund Program Account
(On basis of loan level, subsidy, and administrative expenses)
(In thousands of dollars)

	Loan Level	Subsidy	Administrative Expense
Amount, FY 1991.....	\$2,266,581	0	\$406,776
Amount, FY 1992.....	1,905,350	\$426,511	425,173
Increase or Decrease in Amount.....	-361,231	426,511	18,397
	=====		

SUMMARY OF INCREASES AND DECREASES
(On basis of loan level, subsidy, and administrative expenses)
(In thousands of dollars)

Item of Change	1991 Estimated	Program Changes	1992 Estimated
Total:			
Direct loans.....	\$1,878,581	\$-951,231	\$927,350
Direct loan subsidy.....	0	288,107	288,107
Guaranteed loans.....	100,000	594,000	694,000
Guaranteed loan subsidy.....	0	96,680	96,680
Credit sales of acquired property....	288,000	-4,000	284,000
Credit sales subsidy.....	0	41,724	41,724
Administrative expenses.....	406,776	18,397	425,173
Total:			
Loans.....	2,266,581	-361,231	1,905,350
Subsidy.....	0	426,511	426,511
Administrative expenses.....	406,776	18,397	425,173

Staff-years are reflected in the Salaries and Expense Project Statement.

PROJECT STATEMENT
(On basis of loan level, subsidy and administrative expenses)
(In thousands of dollars)

Project	1990 Actual	1991 Estimated	Increase or Decrease	1992 Estimated
Single family housing:				
Direct loans.....	\$1,310,764	\$1,276,451	\$-717,451 (1)	\$559,000
Direct loan subsidy.....	0	0	126,578	126,578
Guaranteed loans.....	0	70,000	277,000 (2)	347,000
Guaranteed loan subsidy.....	0	0	3,927	3,927
Guaranteed loans subsidized....	0	30,000	317,000 (3)	347,000
Guaranteed subsidized loan subsidy.....	0	0	92,753	92,753
Multi-family housing:				
Direct loans.....	571,904	573,900	-232,900 (4)	341,000
Direct loan subsidy.....	0	0	147,657	147,657
Housing repair:				
Direct loans.....	11,557	11,330	-230 (5)	11,100
Direct loan subsidy.....	0	0	4,897	4,897
Farm labor housing:				
Direct loans.....	11,287	16,300	-50 (6)	16,250
Direct loan subsidy.....	0	0	8,975	8,975
Site loans:				
Direct loans.....	115	600	-600 (7)	0
Direct loan subsidy.....	0	0	0	0
Credit sales of acquired property:				
Direct loans.....	313,987	288,000	-4,000 (8)	284,000
Direct loan subsidy.....	0	0	41,724	41,724
Administrative expenses.....	352,246	406,776	18,397	425,173
Total:				
Direct loans.....	\$2,219,614	\$2,166,581	\$-955,231	\$1,211,350
Direct loan subsidy.....	0	0	329,831 (9)	329,831
Guaranteed loans.....	0	70,000	277,000	347,000
Guaranteed loan subsidy.....	0	0	3,927 (10)	3,927
Guaranteed loans subsidized....	0	30,000	317,000	347,000
Guaranteed subsidized loan subsidy.....	0	0	92,753 (10)	92,753
Administrative expenses.....	352,246	406,776	18,397 (11)	425,173

Staff-years are reflected in the Salaries and Expenses Project Statement.

Outlays in FY 1992 associated with the FY 1992 program are estimated to be \$668,716,000 of which \$425,173,000 is for administrative expenses.

EXPLANATION OF PROGRAM

As required by Title XIII, section 13201, of the Omnibus Budget Reconciliation Act of 1990, this account records the subsidy costs associated with the direct loan obligations and guaranteed loan commitments of this account in FY 1992 and beyond. Subsidy amounts are obtained by estimating the difference between the Government's cash disbursements and the net present value of the Government's cash inflows resulting from direct and guaranteed loans made through this account. For the requested FY 1992 direct loans of \$1,211,350,000 and guaranteed loans of \$694,000,000, the associated lifetime subsidy is estimated to be \$329,831,000 and \$96,680,000, respectively. Corresponding administrative expenses and staff-years are justified in the Salaries and Expenses Project Statement.

The Rural Housing Insurance Fund (RHIF) was established under the authority contained in section 1003(a) of the Housing and Urban Development Act of 1965 (Public Law 89-117), approved August 10, 1965. Public Law 89-117 authorized an appropriation of such sums as may be necessary for the purposes of the fund. An Appropriation of \$100,000,000 was provided by the Supplemental Appropriation Act, 1966, (Public Law 89-309), to capitalize the fund for future operations.

Public Law 89-117 transferred authorities for making insured farm labor housing loans and insured rural rental or cooperative housing loans from the Agricultural Credit Insurance Fund to the Rural Housing Insurance Fund. Public Law 90-448, approved August 1, 1968, authorized interest credits to the accounts of certain qualified borrowers. Public Law 91-152, approved December 24, 1969, transferred the assets, liabilities, and authorizations of the Rural housing direct loan account to the Rural Housing Insurance Fund.

For other legislative information on the Rural Housing Insurance Fund and FmHA's housing program authorities, Title V of the Housing Act of 1949, as amended, serves as the Agency's primary source of substantive housing legislation.

Rural housing building and repair loans (Section 502 of the Housing Act of 1949, as amended) - Loans are made to enable eligible low-income applicants to purchase, construct, improve, alter, repair or replace dwellings in rural areas, if their need for necessary housing cannot be met with financial assistance from other sources. Not less than 40 percent of the funding authorized nationally shall be set aside and not less than 30 percent in each State will be available for very low-income families. These loans bear a note rate based on the cost-of-money to the Treasury with provisions for interest credit, which may reduce the interest rate to as low as 1 percent under certain circumstances. Such loans may not exceed amounts necessary to provide adequate housing which is modest in size, design, and cost.

Building loans are made to farm owners, owners of other real estate in rural areas, others who are or will become rural residents, and long-term leaseholders. These loans are generally repayable in not more than 33 years; however, persons whose incomes do not exceed 60 percent of the median income for the area could receive loans with maturities of up to 38 years.

Rural housing very low-income repair loans (Section 504 of the Housing Act of 1949, as amended) - Loans are authorized to be made to very low-income individuals and families to repair or rehabilitate their dwellings. The loans are made at 1 percent for a term of not more than 20 years and presently have a maximum loan amount of \$15,000.

Rural rental and cooperative building loans (Section 515 of the Housing Act of 1949, as amended) - Loans are authorized to be made to individuals, corporations, Indian tribes, associations, public bodies, trusts, or partnerships to provide moderate cost rental or cooperative housing and related facilities for elderly or handicapped persons or families and other persons of low-, very low-, and moderate-income in rural areas. Priority for rural rental housing loans is for applicants proposing to serve low- and very low-income families and persons in most rural areas. These loans are repayable in not more than 50 years and currently bear a note rate based on the cost-of-money to the Treasury with provision for interest credits to benefit tenants by reducing the interest rate to as low as 1 percent under certain circumstances. These loans are made only if the need for necessary housing cannot be met with financial assistance from other sources except in the case of public bodies. The Farmers Home Administration has in the past made its rural rental housing loans in conjunction with the Department of Housing and Urban Development's

Section 8 rent subsidy program. Loans made for units that have received Section 8 assistance bear an interest rate that is reduced either 1 percent or 2 percent below the unsubsidized rate, depending upon the circumstances of the individual project.

Rural housing site loans (Section 524 of the Housing Act of 1949, as amended) - Loans are made for the purchase and development of land to be subdivided into building sites for low- to moderate-income housing borrowers and rural rental and cooperative housing borrowers. Loans are made at a note rate based on the cost-of-money to the Treasury and are repayable in 2 years.

Farm labor housing loans (Section 514 of the Housing Act of 1949, as amended) - Loans are authorized to be made to a farm owner, to certain public or broad-based private nonprofit organizations, public bodies, or to a nonprofit organization of farmworkers to provide most living quarters, basic household furnishings, and related facilities, including land necessary for an adequate site, for domestic farm labor. Loans will be made based on a determination of need considering housing needs of domestic farm labor, including migrant farmworkers in the area without regard to other housing needs in the area. These loans are repayable in not more than 33 years and bear interest not in excess of 1 percent, except under certain circumstances. Loans to organizations may be made simultaneously with farm labor housing grants which are discussed elsewhere in these justifications.

JUSTIFICATION OF INCREASES AND DECREASES

The President's Budget proposes to support about 63,000 units in 1992. FmHA is proposing increases in the guaranteed single family housing loan program, and repropoing an 8,000 unit rural housing voucher program based on the same payment standards and regulations set by the Department of Housing and Urban Development for its Section 8 voucher program.

- (1) A decrease of \$717,451,000 in direct single family housing loans (\$1,276,451,000 available in FY 1991).

Need for Change. The Budget proposes to reduce direct single family housing loans with a compensating increase in guaranteed single family housing loans. The Agency expects that its new mix of programs will continue to serve its traditional rural borrowers.

Nature of Change. This level will finance an estimated 9,190 units and make 18,760 initial and subsequent loans in FY 1992.

- (2) An increase of \$277,000,000 in unsubsidized guaranteed single family housing loans (\$70,000,000 available in FY 1991).

Need for Change. The Budget proposes to make greater use of the guaranteed loans without interest assistance. This proposal allows the Agency to utilize private sector credit resources to a greater extent in meeting its housing program mission.

Nature of Change. This level will finance an estimated 6,630 units without interest assistance in FY 1992.

- (3) An increase of \$317,000,000 in subsidized guaranteed single family housing loans (\$30,000,000 available in FY 1991).

Need for Change. The Budget proposes to make greater use of the guaranteed loans with interest assistance in lieu of a portion of the direct single family housing loans. This proposal allows the Agency to utilize private sector credit resources to a greater extent in meeting its housing program mission while providing borrowers with loan interest rates comparable to direct loans.

Nature of Change. This level will finance an estimated 7,060 units with interest assistance in FY 1992.

- (4) A decrease of \$232,900,000 in direct multi-family housing loans (\$573,900,000 available in FY 1991).

Need for Change. The Administration recognizes the need to continue financial assistance through the direct rental housing loan program. Proposed reduction will be offset by the proposed availability of 8,000 units of rural housing vouchers made under a separate account.

Nature of Change. This level will finance an estimated 8,490 units in FY 1992.

- (5) A decrease of \$230,000 in direct very low-income housing repair loans (\$11,330,000 available in FY 1991).

Need for Change. The Budget proposes a modest decrease in the housing repair loan program. In proposing essentially the same level as FY 1991, the Administration recognizes the continuing need for housing repair and rehabilitation assistance for very low-income rural residents living in substandard housing units having health and safety problems threatening the family or community. The Administration believes the modest decrease will have a minimal impact on the Agency's ability to provide assistance under this loan program.

Nature of Change. This level will assist 2,320 additional families with housing repair loans.

- (6) A decrease of \$50,000 in direct farm labor housing loans (\$16,300,000 available in FY 1991).

Need for Change. The Budget proposes essentially the same loan level as authorized in FY 1991 for farm labor housing loans. This level is about \$5 million greater than recent year actual obligations. The Administration recognizes that there is a great need for adequate and suitable housing for both migrant and year-round farm laborers. The increase from recent levels demonstrates higher national concern and increased support for the health and welfare of farm laborers who are so important to the Nation's agricultural processing.

Nature of Change. This loan program level in conjunction with the farm labor grants will produce an estimated 630 units in FY 1992.

- (7) A decrease of \$600,000 in direct site loans (\$600,000 available in FY 1991).

Need for Change. Historically this program has been utilized sporadically and at minimum levels. Little impact will result from non-funding.

Nature of Change. No program is requested in FY 1992.

- (8) A decrease of \$4,000,000 in credit sales of acquired property (\$288,000,000 estimated in FY 1991).

Need for Change. Amount reflects the Agency's best estimate of loan activity in FY 1992.

Nature of Change. The level projected should be sufficient to provide all the direct loan financing required to enable the Agency to manage the timely sale of properties acquired in the servicing of its loan portfolio.

- (9) An increase of \$329,831,000 in the direct loan subsidy.

Need for Change. This estimated subsidy amount is necessary to support the direct loan obligations associated with the requested FY 1992 loan level, as required under the provisions of the Omnibus Budget Reconciliation Act of 1990.

- (10) An increase of \$96,680,000 in the guaranteed loan subsidy.

Need for Change. The estimated subsidy amounts are necessary to support the subsidized and nonsubsidized guaranteed loan commitment authority requested in FY 1992, as required under the provisions of the Omnibus Budget Reconciliation Act of 1990. The subsidy estimate for subsidized guaranteed loans is based on a 4 percent interest rate reduction on the average loan.

- (11) An increase of \$18,397,000 in administrative expenses (\$406,776,000 available in FY 1991).

Need for Change. Justification for administrative expenses and the staff-years are reflected in the Salaries and Expenses Project Statement.

(c) Rural Housing Insurance Fund Direct Loan Financing Account

As required by the Omnibus Budget Reconciliation Act of 1990, this non-budgetary account records the obligations and cash flows to and from the Government resulting from direct loans obligated in FY 1992 and beyond. These cash flows may include, but are not limited to, direct loan subsidy payments from the subsidy account, loan disbursements, principal repayments and interest payments from borrowers, prepayments or fees, proceeds from the sale of loans, and interest paid on Treasury borrowing. In addition, this account will keep track of the available budget authority for direct loan disbursements and has permanent, indefinite authority to borrow to finance direct loan disbursements. All transactions of the financing account are a means of financing and are excluded from the budget deficit calculation.

(d) Rural Housing Insurance Fund Guaranteed Loan Financing Account

As required by the Omnibus Budget Reconciliation Act of 1990, this non-budgetary account records the commitments and cash flows to and from the Government associated with guaranteed loan commitments made in FY 1992 and beyond. These cash flows may include, but are not limited to, guaranteed loan subsidy payments from the program account, default claims on guaranteed loan commitments, fees, collections on defaulted loans and receipt of interest on uninvested funds. In addition, this account will keep track of the available budget authority for guaranteed loan commitments. The account will also maintain a reserve to cover payments for defaults on guaranteed loans. All transactions of the financing account are a means of financing and are excluded from the budget deficit calculation.

Farmers Home Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

Rural Housing Insurance Fund
Low Income Loan Program-Direct Loans

	1990 Amount	1991 Amount	1992 Amount
Alabama.....	35,482,940	30,729,000	15,364,500
Alaska.....	2,646,600	4,225,000	2,112,500
Arizona.....	13,799,400	11,539,000	5,769,500
Arkansas.....	32,052,840	22,938,000	11,469,000
California.....	53,382,890	41,925,000	20,962,500
Colorado.....	8,087,780	10,056,000	5,028,000
Connecticut.....	15,107,810	8,511,000	4,255,500
Delaware.....	3,429,900	2,804,000	2,402,000
Florida.....	51,322,850	29,181,000	14,590,500
Georgia.....	45,536,720	39,601,000	19,800,500
Hawaii.....	5,362,580	3,832,000	2,916,000
Idaho.....	6,588,670	7,794,000	3,897,000
Illinois.....	30,199,840	34,222,000	17,111,000
Indiana.....	31,157,910	31,711,000	15,855,500
Iowa.....	26,931,610	20,444,000	10,222,000
Kansas.....	11,627,140	15,302,000	7,651,000
Kentucky.....	38,717,880	35,840,000	17,920,000
Louisiana.....	20,804,140	26,784,000	13,392,000
Maine.....	32,405,940	11,603,000	5,801,500
Maryland.....	20,193,570	13,124,000	6,562,000
Massachusetts.....	24,206,140	14,194,000	7,097,000
Michigan.....	45,107,480	40,091,000	20,045,500
Minnesota.....	27,241,230	23,365,000	11,682,500
Mississippi.....	47,051,610	26,701,000	13,350,500
Missouri.....	33,768,420	28,676,000	14,338,000
Montana.....	5,638,170	6,621,000	3,310,500
Nebraska.....	7,779,220	9,771,000	4,885,500
Nevada.....	4,019,490	2,345,000	2,172,500
New Hampshire.....	20,214,030	7,111,000	3,555,500
New Jersey.....	18,204,440	11,279,000	5,639,500
New Mexico.....	12,277,000	9,531,000	4,765,500
New York.....	46,060,250	40,165,000	20,082,500
North Carolina.....	56,589,600	53,904,000	26,952,000
North Dakota.....	4,243,350	5,534,000	2,767,000
Ohio.....	46,225,150	46,730,000	23,365,000
Oklahoma.....	15,541,410	19,616,000	9,808,000
Oregon.....	17,745,780	16,069,000	8,034,500
Pennsylvania.....	68,710,770	55,682,000	27,841,000
Rhode Island.....	4,253,600	1,781,000	1,890,500
South Carolina.....	44,712,040	27,328,000	13,664,000
South Dakota.....	9,685,420	6,781,000	3,390,500
Tennessee.....	45,918,460	33,930,000	16,965,000
Texas.....	26,986,770	60,300,000	30,150,000
Utah.....	7,001,020	4,448,000	2,224,000
Vermont.....	16,225,280	5,561,000	2,780,500
Virginia.....	47,759,120	34,176,000	17,088,000
Washington.....	25,374,250	18,874,000	9,437,000
West Virginia.....	26,970,150	22,071,000	11,035,500
Wisconsin.....	29,746,460	27,312,000	13,656,000
Wyoming.....	4,505,480	3,959,000	2,979,500
Puerto Rico.....	30,416,530	28,932,000	14,466,000
Trust Territories..	3,401,090	8,623,000	4,311,500
Virgin Islands.....	2,345,780	3,178,000	2,187,000
General Reserve....	--	50,971,000	--
Designated Reserves.	--	118,676,000	--
Total Avail./Est....	1,310,764,000	1,276,451,000	559,000,000

Low Income Loan Program-Guaranteed Unsubsidized Loans

Total Avail./Est....	--	70,000,000 1/	347,000,000
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Low Income Loan Program-Guaranteed Subsidized Loans

Total Avail./Est....	--	30,000,000 1/	347,000,000
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1/ Cannot be distributed by geographic area in advance.

Farmers Home Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

Rural Housing Insurance Fund
Rural Rental Loan Program

	1990 Amount	1991 Amount	1992 Amount
Alabama.....	20,523,710	15,781,000	11,046,700
Alaska.....	1,182,870	2,094,000	1,465,800
Arizona.....	8,097,600	5,909,000	4,136,300
Arkansas.....	15,578,550	11,806,000	8,264,200
California.....	25,042,730	17,062,000	11,943,400
Colorado.....	6,169,000	3,901,000	2,730,700
Connecticut.....	3,709,720	2,414,000	1,689,800
Delaware.....	1,488,950	1,750,000	1,225,000
Florida.....	18,554,890	12,594,000	8,815,800
Georgia.....	21,421,690	19,638,000	13,746,600
Hawaii.....	85,750	1,794,000	1,255,800
Idaho.....	3,486,320	3,347,000	2,342,900
Illinois.....	12,357,400	12,400,000	8,680,000
Indiana.....	11,550,410	11,367,000	7,956,900
Iowa.....	9,243,240	7,566,000	5,296,200
Kansas.....	7,960,940	5,656,000	3,959,200
Kentucky.....	18,903,300	18,970,000	13,279,000
Louisiana.....	16,397,760	14,216,000	9,951,200
Maine.....	8,885,450	4,873,000	3,411,100
Maryland.....	6,980,250	4,904,000	3,432,800
Massachusetts.....	5,653,510	4,487,000	3,140,900
Michigan.....	20,027,560	14,529,000	10,170,300
Minnesota.....	11,587,490	9,348,000	6,543,600
Mississippi.....	17,340,180	14,997,000	10,497,900
Missouri.....	16,231,070	12,277,000	8,593,900
Montana.....	2,607,690	2,680,000	1,876,000
Nebraska.....	5,626,930	3,736,000	2,615,200
Nevada.....	4,111,830	1,750,000	1,225,000
New Hampshire.....	4,613,290	2,424,000	1,696,800
New Jersey.....	3,719,000	3,453,000	2,417,100
New Mexico.....	6,407,140	5,249,000	3,674,300
New York.....	17,706,340	13,954,000	9,767,800
North Carolina.....	26,277,940	24,464,000	17,124,800
North Dakota.....	1,550,100	2,367,000	1,656,900
Ohio.....	19,932,900	17,457,000	12,219,900
Oklahoma.....	8,641,820	8,948,000	6,263,600
Oregon.....	6,815,920	6,107,000	4,274,900
Pennsylvania.....	19,239,000	19,399,000	13,579,300
Rhode Island.....	--	1,750,000	1,225,000
South Carolina.....	18,179,200	13,391,000	9,373,700
South Dakota.....	5,802,490	3,232,000	2,262,400
Tennessee.....	17,589,140	16,504,000	11,552,800
Texas.....	26,159,360	28,384,000	19,398,300
Utah.....	2,916,290	1,954,000	1,367,800
Vermont.....	5,845,280	2,102,000	1,471,400
Virginia.....	18,825,800	15,190,000	10,633,000
Washington.....	8,642,510	7,049,000	4,934,300
West Virginia.....	9,725,700	10,169,000	7,118,300
Wisconsin.....	11,538,270	9,787,000	6,850,900
Wyoming.....	2,024,000	1,750,000	1,225,000
Puerto Rico.....	27,446,060	27,385,000	19,169,500
Trust Territories..	--	1,750,000	1,225,000
Virgin Islands.....	1,499,000	1,750,000	1,225,000
N/O Reserves.....	--	86,085,000	--
Total Avail./Est...	571,903,340	573,900,000	341,000,000

Farmers Home Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

Rural Housing Insurance Fund
Very-Low Income Housing Repair Loan Program

	1990 Amount	1991 Amount	1992 Amount
Alabama.....	668,810	292,000	328,500
Alaska.....	5,530	49,000	55,125
Arizona.....	54,260	116,000	130,500
Arkansas.....	408,890	213,000	239,625
California.....	143,080	348,000	391,500
Colorado.....	48,220	75,000	84,375
Connecticut.....	10,170	47,000	52,875
Delaware.....	15,850	21,000	23,625
Florida.....	203,560	232,000	261,000
Georgia.....	224,480	362,000	407,250
Hawaii.....	12,450	39,000	43,875
Idaho.....	51,050	60,000	67,500
Illinois.....	273,830	253,000	284,625
Indiana.....	97,750	225,000	253,125
Iowa.....	264,880	146,000	164,250
Kansas.....	32,790	110,000	123,750
Kentucky.....	463,590	351,000	394,875
Louisiana.....	236,640	262,000	294,750
Maine.....	365,130	93,000	104,625
Maryland.....	34,740	100,000	112,500
Massachusetts.....	74,420	90,000	101,250
Michigan.....	276,090	284,000	319,500
Minnesota.....	226,020	182,000	204,750
Mississippi.....	563,250	267,000	300,375
Missouri.....	320,440	231,000	259,875
Montana.....	7,000	52,000	58,500
Nebraska.....	83,550	69,000	77,625
Nevada.....	6,650	18,000	20,250
New Hampshire.....	25,400	48,000	54,000
New Jersey.....	54,070	67,000	75,375
New Mexico.....	118,410	99,000	111,375
New York.....	354,610	265,000	298,125
North Carolina.....	508,380	465,000	523,125
North Dakota.....	25,490	42,000	47,250
Ohio.....	236,860	346,000	389,250
Oklahoma.....	83,660	169,000	190,125
Oregon.....	145,610	122,000	137,250
Pennsylvania.....	993,570	388,000	436,500
Rhode Island.....	1,600	11,000	12,375
South Carolina.....	423,590	251,000	282,375
South Dakota.....	79,250	55,000	61,875
Tennessee.....	395,890	307,000	345,375
Texas.....	759,510	557,000	626,625
Utah.....	22,790	36,000	40,500
Vermont.....	110,390	39,000	43,875
Virginia.....	297,650	311,000	349,875
Washington.....	146,860	143,000	160,875
West Virginia.....	287,950	199,000	223,875
Wisconsin.....	324,660	199,000	223,875
Wyoming.....	36,350	32,000	36,000
Puerto Rico.....	193,040	356,000	400,500
Trust Territories..	700,930	754,000	841,125
Virgin Islands.....	58,400	25,000	28,125
Loan Costs.....	55,686	--	--
General Reserve....	--	1,060,000	--
Designated Reserve.	--	397,000	--
 Total Avail./Est...	 11,613,726	 11,330,000	 11,100,000

Farmers Home Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

Rural Housing Insurance Fund
Farm Labor Housing Loan Program

	1990 Amount	1991 Amount	1992 Amount
Arkansas.....	532,580	--	--
California.....	2,434,000	--	--
Hawaii.....	470,730	--	--
Illinois.....	39,750	--	--
Massachusetts.....	81,670	--	--
Michigan.....	1,440,870	--	--
Mississippi.....	99,400	--	--
New Hampshire.....	70,000	--	--
New Jersey.....	49,000	--	--
New York.....	759,620	--	--
Oregon.....	11,120	--	--
South Carolina.....	32,000	--	--
Tennessee.....	39,000	--	--
Texas.....	4,317,690	--	--
Vermont.....	909,730	--	--
Total Avail./Est....	11,287,160	16,300,000 1/	16,250,000 1/

Rural Housing Site Loan Program

California.....	115,000	--	--
Total Avail./Est....	115,000	600,000 1/	--

1/ Cannot be distributed by geographic area in advance.

FARMERS HOME ADMINISTRATION

The 1992 Budget Estimates include language for this item as follows (deleted matter enclosed in brackets):

Self-Help Housing Land Development Fund:

[For direct loans pursuant to section 523(b)(1)(B) of the Housing Act of 1949, as amended (42 U.S.C. 1490c), \$500,000 shall be available from funds in the Self-Help Housing Land Development Fund.]

This change eliminates the authority to make direct loans for this program. No authority is requested for FY 1992.

SELF-HELP HOUSING LAND FUND

The 1992 budget reflects the new credit reform procedures for federal credit programs authorized by the Balanced Budget Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990. Basically, these procedures require that budget authority and outlays for these programs represent subsidy costs, including interest subsidies, defaults, and administrative expenses, rather than loan disbursements and repayments. Loan levels are included in the appropriation language requested for the subsidy amount for FY 1992. The appropriation language also specifies the portion of the requested budget authority to be used for administrative expenses. Budget authority for the subsidy represents the difference between the Government's cash disbursements and the net present value of estimated cash inflows over the lifetime of the loans; whereas outlays represent the portion of the subsidy related to the loan amount disbursed within the year. Budget authority and outlays for the subsidies are presented in the Budget in "loan program accounts." All loan disbursement and repayment activity related to loans made in FY 1992 or later appear in a "financing account" and are considered "off-budget" for purposes of estimating the deficit. Budget authority and outlays for existing portfolios of loans are reflected in the Budget in "liquidating accounts" and are calculated as before, to represent disbursements, borrower repayments and payments, Federal Financing Bank repayments and Treasury borrowing requirements. Because there is no new loan authority requested in 1992, all program activity for Self-Help Housing Land Fund occurs in the liquidating account.

Self-Help Housing Land Development Fund - Liquidating Account
(On the basis of loan level, subsidy, and administrative expense)

	Loan Level	Subsidy	Administrative Expense
Amount, FY 1991.....	\$500,000	0	0
Amount, FY 1992.....	0	0	0
Decrease in Amount.....	-500,000	0	0
	=====	=====	=====

PROJECT STATEMENT

(On the basis of loan level, subsidy, and administrative expense)
(In thousands of dollars)

Project	1990 Actual	1991 Estimated	Increase or Decrease	1992 Estimated
Mutual and Self-Help				
Housing Site Loans:				
Direct loans.....	\$500	\$500	\$-500 (1)	0
Direct loan subsidy.....	0	0	0	0
Administrative expense.....	0	0	0	0

Staff-years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This revolving fund is authorized under Section 523 (b)(1)(B) of the Housing Act of 1949, as amended. The fund is used for making loans to public or private nonprofit organizations for the acquisition and development of land as building sites to be subdivided and sold to eligible families, nonprofit organizations, and cooperatives.

JUSTIFICATION OF DECREASE

- (1) A decrease of \$500,000 for mutual and self-help housing site loan program \$500,000 available in FY 1991).

Need for Change. This program is proposed for termination. There has been little or no demand for this program throughout the years. Families eligible to be assisted under this program may request assistance under other programs of the Agency. Also, HUD programs are available providing affordable housing to low- and very low-income families.

Nature of Change. No program is requested for FY 1992.

Farmers Home Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

Self-Help Housing Land Development Fund

	1990 Amount	1991 Amount	1992 Amount
	_____	_____	_____
California.....	490,000	--	--
Washington.....	10,000	--	--
	_____	_____	_____
Total Avail./Est...	500,000	500,000 1/	--

1/ Cannot be distributed by geographic area in advance.

FARMERS HOME ADMINISTRATION

The 1992 Budget Estimates include proposed language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Housing for Domestic Farm Labor:

For financial assistance to eligible nonprofit organizations for housing for domestic farm labor, pursuant to section 516 of the Housing Act of 1949, as amended (42 U.S.C. 1486), [\$11,000,000] \$5,000,000, to remain available until expended.

Rural Housing for Domestic Farm Labor

Appropriation Act, 1991.....	\$11,000,000
Budget Estimate, 1992.....	<u>5,000,000</u>
Decrease in Appropriation.....	<u>-6,000,000</u>
	=====

PROJECT STATEMENT

(On basis of adjusted appropriation
and on basis of obligations under available funds)

Project	: 1990 : Actual	: 1991 : Estimated	: Increase or : Decrease	: 1992 : Estimated
Rural housing for domestic	:	:	:	:
farm labor grants.....	\$11,068,632	\$13,024,635	\$-8,024,635	\$5,000,000
Unobligated balance available,	:	:	:	:
start of year.....	-2,074,797	-2,024,635	2,024,635	0
Recovery of prior year	:	:	:	:
obligations.....	-156,470	0	0	0
Unobligated balance available,	:	:	:	:
end of year.....	2,024,635	0	0	0
<u>Total appropriation.....</u>	<u>10,862,000</u>	<u>11,000,000</u>	<u>-6,000,000 (1)</u>	<u>5,000,000</u>
	=====	=====	=====	=====

Staff-years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

Under section 516 of the Housing Act of 1949, FmHA is authorized to share with state or other political subdivisions, public or private nonprofit organizations, or nonprofit organizations of farmworkers the cost of providing low-rent housing, basic household furnishings, and related facilities to be used by domestic farm laborers. Such housing may be for year-round or seasonal occupancy, and may consist of family unit apartments or dormitory-type units, constructed in an economical manner. Grant assistance may not exceed 90 percent of the total development cost. Applicants furnish as much of the development cost as they can afford by using their own resources, by borrowing from either private sources or obtaining an insured loan under section 514 of the Housing Act. The applicant must agree to charge rents that do not exceed amounts approved by the Secretary, maintain the housing in a safe and sanitary condition, and give occupancy preference to domestic farm laborers.

The obligations incurred by the applicant as a condition of the grant continue for 50 years from the date of the grant unless terminated sooner by Farmers Home Administration. Grant obligations are secured by a mortgage on the housing or other security. In the event of default, the Farmers Home Administration has the option to require repayment of the grant.

Justification of Decrease

- (1) A decrease of \$6,000,000 for rural housing for domestic farm labor (\$11,000,000 available in FY 1991).

Need for Change. The administration recognizes the need to continue financial assistance for this program. However, with the \$6 million decrease in funding, the budget encourages this housing grant program be coordinated with the Department of Housing and Urban Development (HUD). The budget recommends that any additional grant funds needed be sought through HUD's newly created HOME Partnership block grant funds, and that FmHA will establish a working relationship with the State and local boards who will receive HOME funding and guide prospective grant recipients to these boards. FmHA can also provide housing assistance to the domestic farm laborer through its Section 521 Rental Assistance Program and the the proposed Rural Housing Voucher Program.

Nature of Change. The requested amount will provide assistance for 630 housing units, in combination with the approximate \$16.3 million requested for the loan program, involving the award of 6 grants or contracts.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

	1990 Amount	1991 Amount	1992 Amount
California.....	4,023,110	--	--
Delaware.....	104,698	--	--
New York.....	167,303	--	--
Oregon.....	45,481	--	--
Texas.....	6,728,040	--	--
Total Avail./Est...	11,068,632	13,025,000 1/	5,000,000 1/

1/ Cannot be distributed by geographic area in advance.

FARMERS HOME ADMINISTRATION

The 1992 Budget Estimates include language for this item as follows (deleted matter enclosed in brackets):

Mutual and Self-Help Housing:

[For grants and contracts pursuant to section 523(b)(1)(A) of the Housing Act of 1949 (42 U.S.C. 1490c), \$8,750,000.]

This change eliminates the appropriation language for this program. No appropriation is requested for fiscal year 1992.

Mutual and Self-Help Housing

Appropriation Act, 1991.....	\$8,750,000
Budget Estimate, 1992.....	0
Decrease in Appropriation.....	<u>-8,750,000</u>
	=====

PROJECT STATEMENT

(On basis of adjusted appropriation and on
basis of obligations under available funds)

Project	1990 Actual	1991 Estimated	Increase or Decrease	1992 Estimated
Mutual and self-help housing grants.....	\$6,426,467	\$18,426,448	\$-18,426,448	0
Recovery of prior year obligations.....	-609,646	0	0	0
Unobligated balance available, start of year..	-6,859,269	-9,676,448	9,676,448	0
Unobligated balance available, end of year...	9,676,448	0	0	0
<u>Total appropriation</u>	<u>8,634,000</u>	<u>8,750,000</u>	<u>-8,750,000 (1)</u>	<u>0</u>

Staff-years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This grant program is authorized under section 523 of the Housing Act of 1949, as amended. Grants are made to local organizations to promote the development of mutual or self-help housing programs under which groups of usually six to ten families build their own homes by mutually exchanging labor. Funds may be used to pay the cost of construction supervisors who will work with families to guide them in the construction of their homes and for administrative expenses of the organizations providing the self-help assistance.

This program also provides for contract funds for training to be provided to members and staff of self-help technical assistance grant recipient organizations which sponsor and supervise self-help projects.

JUSTIFICATION OF DECREASE

- (1) A decrease of \$8,750,000 for mutual and self-help housing (\$8,750,000 available in FY 1991).

Need for Change. This program is proposed for termination. Assistance to low and very low-income families to obtain adequate housing is provided by other Agency programs. The Rural Housing Voucher Program and the Section 521 Rental Assistance Payment Program provide a greater choice of housing opportunities to eligible program recipients. The budget recommends that grant funds needed be sought through the Housing and Urban Development's newly created HOME Partnership block grant program. FmHA will establish a working relationship with the State and local boards who will receive HOME funding and guide prospective grant recipients to these boards.

Nature of Change. No appropriation is requested for FY 1992.

Farmers Home Administration
 GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
 1990 and Estimated 1991 and 1992

Mutual and Self-Help Housing Grants

	1990 Amount	1991 Amount	1992 Amount
Arizona.....	410,720	--	--
Arkansas.....	12,250	--	--
California.....	1,614,854	--	--
Colorado.....	28,800	--	--
Delaware.....	271,608	--	--
Florida.....	286,012	--	--
Hawaii.....	117,820	--	--
Massachusetts.....	261,110	--	--
Mississippi.....	346,920	--	--
North Carolina.....	154,500	--	--
Ohio.....	568,300	--	--
Oklahoma.....	308,906	--	--
Texas.....	191,660	--	--
Washington.....	1,141,450	--	--
Wisconsin.....	646,590	--	--
N/O Contract.....	65,000	--	--
Total Avail./Est...	6,426,500	18,426,000 1/	--

1/ Cannot be distributed by geographic area in advance.

FARMERS HOME ADMINISTRATION

The 1992 Budget Estimates include language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Very Low-Income Housing Repair Grants:

For grants to the very low-income elderly for essential repairs to dwellings pursuant to section 504 of the Housing Act of 1949, as amended, [\$12,500,000] \$5,000,000, to remain available until expended.

Very Low-Income Housing Repair Grants

Appropriation Act, 1991.....	\$12,500,000
Budget Estimate, 1992.....	5,000,000
Decrease in Appropriation.....	-7,500,000
	=====

PROJECT STATEMENT

(On basis of adjusted appropriation and
on basis of obligations under available funds)

Project	1990 Actual	1991 Estimated	Increase or Decrease	1992 Estimated
Very low-income housing repair grants.....	\$12,642,439	\$12,523,736	\$-7,523,736	\$5,000,000
Recovery of prior year obligations.....	-166,114	0	0	0
Unobligated balance avail- able, start of year.....	-61	-23,736	23,736	0
Unobligated balance avail- able, end of year.....	23,736	0	0	0
<u>Total appropriation.....</u>	<u>12,500,000</u>	<u>12,500,000</u>	<u>-7,500,000 (1)</u>	<u>5,000,000</u>

Staff years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This grant program is authorized under section 504 of the Housing Act of 1949, as amended. The rural housing repair grant program is carried out by making grants to very low-income elderly owner-occupants to make necessary repairs to improve and modernize their dwellings in order to remove safety and health hazards.

The grants may be made to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, installing screens, repairing or providing structural supports, or making similar repairs, additions, or improvements including all preliminary and installation costs in obtaining central water and sewer service. A grant can be made in combination with a section 504 very low-income housing repair loan. The Agency has determined that grants carry a lifetime assistance limitation of \$5,000 per recipient; and the maximum loan assistance is \$15,000.

JUSTIFICATION OF DECREASE

- (1) A decrease of \$7,500,000 for the very low-income housing repair grants (\$12,500,000 available in FY 1991).

Need for Change. The Administration supports continued housing assistance to low- and very low-income elderly families. The reduced level requested is partially offset by the \$11.1 million requested level in section 504 low-interest loans. In addition, the almost \$190 million requested for the Rural Housing Voucher Program will provide eligible families with alternate housing choices that could prove more suitable to a wide number of elderly families. The budget encourages this housing grant program be coordinated with the Housing and Urban Development (HUD). The budget recommends that any additional grant funds needed be sought through HUD's newly created HOME partnership block grant funds, and that FmHA will establish a working relationship with the state and local boards who will receive HOME funding and guide prospective grant recipients to these boards. Also, States and private non-profit organizations provide similar programs.

Nature of Change. At this level FmHA would provide 1,333 grants to eligible very low-income elderly applicants.

Farmers Home Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

Very-Low Income Housing Repair Grant Program

	1990 Amount	1991 Amount	1992 Amount
Alabama.....	484,450	325,000	146,250
Alaska.....	21,680	42,000	28,900
Arizona.....	159,150	126,000	56,700
Arkansas.....	471,480	254,000	114,300
California.....	274,980	411,000	184,950
Colorado.....	49,050	88,000	39,600
Connecticut.....	14,470	69,000	31,050
Delaware.....	40,350	26,000	21,700
Florida.....	427,100	318,000	143,100
Georgia.....	468,880	400,000	180,000
Hawaii.....	16,800	40,000	18,000
Idaho.....	45,430	71,000	31,950
Illinois.....	272,610	340,000	153,000
Indiana.....	204,050	284,000	127,800
Iowa.....	255,290	210,000	94,500
Kansas.....	94,270	161,000	72,450
Kentucky.....	413,120	377,000	169,650
Louisiana.....	379,790	282,000	126,900
Maine.....	130,700	113,000	50,850
Maryland.....	107,480	118,000	53,100
Massachusetts.....	138,970	130,000	58,500
Michigan.....	390,690	357,000	160,650
Minnesota.....	226,960	240,000	108,000
Mississippi.....	352,810	289,000	130,050
Missouri.....	357,290	302,000	135,900
Montana.....	15,500	62,000	27,900
Nebraska.....	137,370	102,000	45,900
Nevada.....	28,400	21,000	9,450
New Hampshire.....	56,440	63,000	28,350
New Jersey.....	79,700	99,000	44,550
New Mexico.....	141,780	99,000	44,550
New York.....	447,820	360,000	162,000
North Carolina.....	611,060	523,000	235,350
North Dakota.....	59,750	56,000	25,200
Ohio.....	486,530	426,000	191,700
Oklahoma.....	247,200	213,000	95,850
Oregon.....	177,820	155,000	69,750
Pennsylvania.....	661,780	525,000	236,250
Rhode Island.....	15,250	15,000	16,750
South Carolina.....	496,430	269,000	121,050
South Dakota.....	90,230	72,000	32,400
Tennessee.....	559,860	348,000	156,600
Texas.....	749,110	652,000	293,400
Utah.....	46,740	41,000	28,450
Vermont.....	46,450	50,000	22,500
Virginia.....	370,320	340,000	153,000
Washington.....	177,140	173,000	77,850
West Virginia.....	289,280	222,000	99,900
Wisconsin.....	327,320	266,000	119,700
Wyoming.....	30,820	35,000	15,750
Puerto Rico.....	293,270	344,000	154,800
Trust Territories..	121,610	82,000	36,900
Virgin Islands.....	80,100	14,000	16,300
Carryover.....	--	24,000	--
General Reserves...	--	1,062,000	--
Designated Reserves.	--	438,000	--
Total Avail./Est...	12,642,930	12,524,000	5,000,000

FARMERS HOME ADMINISTRATION

The 1992 Budget Estimates include language for this item as follows (new language underscored; deleted matter enclosed in brackets).

Rural Housing Preservation Grants:

For grants for rural housing preservation as authorized by section 552 of the Housing and Urban-Rural Recovery Act of 1983 (Public Law 99-181), [~~\$23,000,000~~] \$10,000,000.

Rural Housing Preservation Grants

Appropriation Act, 1991.....	\$23,000,000
Budget Estimate, 1992.....	<u>10,000,000</u>
Decrease in Appropriation.....	-13,000,000
	=====

PROJECT STATEMENT
(On basis of appropriation)

	: 1990	: 1991	:	: 1992
Project	: Actual	: Estimated	: Decrease	: Estimated
Rural Housing Preservation	:	:	:	:
Grants, Appropriation....	: \$19,140,000	: \$23,000,000	: \$-13,000,000	: \$10,000,000
	=====	=====	=====	=====

Staff-years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This program is authorized under section 533 of the Housing Act of 1949, as amended. Grants are made to eligible private nonprofit groups, Indian tribes, and government agencies for the rehabilitation of single family housing owned by low income and very low-income families and the rehabilitation of rental and cooperative housing for low and very low-income families.

JUSTIFICATION OF DECREASE

A decrease of \$13,000,000 for housing preservation grants (\$23,000,000 available in FY 1991).

Need for Change. The Administration recognizes the need to continue financial assistance for this program. However, with the \$13 million decrease in funding, the Budget encourages this housing grant program be coordinated with the Department of Housing and Urban Development (HUD). The Budget recommends that any additional grant funds needed be sought through HUD's newly created HOME Partnership block grant funds, and that FmHA will establish a working relationship with the State and local boards who will receive HOME funding and guide prospective grant recipients to these boards. FmHA can also provide housing assistance through its Section 521 Rental Assistance Program and the proposed Rural Housing Voucher Program.

Nature of Change. The amount requested is estimated to provide assistance to rehabilitate 2,810 units through 77 grants.

Farmers Home Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

Rural Housing Preservation Grant Program

	1990 Amount	1991 Amount	1992 Amount
Alabama.....	498,000	611,000	299,390
Alaska.....	--	168,000	82,320
Arizona.....	249,000	292,000	143,080
Arkansas.....	397,000	483,000	236,670
California.....	658,000	653,000	291,370
Colorado.....	200,000	226,000	110,740
Connecticut.....	161,000	178,000	87,220
Delaware.....	200,000	136,000	66,640
Florida.....	420,750	508,000	248,920
Georgia.....	595,000	737,000	332,530
Hawaii.....	--	158,000	77,420
Idaho.....	368,000	208,000	101,920
Illinois.....	412,000	502,000	245,980
Indiana.....	380,000	468,000	229,320
Iowa.....	300,000	345,000	169,050
Kansas.....	220,000	283,000	138,670
Kentucky.....	504,500	715,000	321,750
Louisiana.....	599,600	561,000	274,890
Maine.....	250,000	258,000	126,420
Maryland.....	302,000	259,000	126,910
Massachusetts.....	273,000	245,000	120,050
Michigan.....	466,000	571,000	279,790
Minnesota.....	377,000	403,000	197,470
Mississippi.....	550,000	586,000	287,140
Missouri.....	419,000	498,000	244,020
Montana.....	280,000	187,000	91,630
Nebraska.....	300,000	221,000	108,290
Nevada.....	150,000	128,000	62,720
New Hampshire.....	161,000	179,000	87,710
New Jersey.....	200,000	212,000	103,880
New Mexico.....	124,500	270,000	132,300
New York.....	452,000	552,000	270,480
North Carolina.....	716,000	893,000	408,970
North Dakota.....	323,300	177,000	86,730
Ohio.....	540,000	666,000	326,340
Oklahoma.....	590,000	390,000	191,100
Oregon.....	352,000	298,000	146,020
Pennsylvania.....	589,000	729,000	357,210
Rhode Island.....	114,000	118,000	57,820
South Carolina.....	562,900	534,000	261,660
South Dakota.....	263,000	205,000	100,450
Tennessee.....	545,500	635,000	311,150
Texas.....	750,000	1,020,000	471,200
Utah.....	200,000	163,000	79,870
Vermont.....	306,000	168,000	82,320
Virginia.....	588,950	592,000	290,080
Washington.....	330,000	328,000	160,720
West Virginia.....	420,000	430,000	210,700
Wisconsin.....	432,000	417,000	204,330
Wyoming.....	260,000	148,000	72,520
Puerto Rico.....	790,000	988,000	484,120
Trust Territories..	--	--	--
Virgin Islands.....	--	--	--
N/O Reserve.....	--	2,300,000	--
Total Avail./Est...	19,140,000	23,000,000	10,000,000

FARMERS HOME ADMINISTRATION

The 1992 Budget Estimates include language for this item as follows (deleted matter enclosed in brackets):

Compensation for Construction Defects:

[For compensation for construction defects as authorized by section 509(c) of the Housing Act of 1949, as amended, \$500,000, to remain available until expended.]

This change eliminates the appropriation language for this program. No appropriation is requested for fiscal year 1992.

Compensation for Construction Defects

Appropriation Act, 1991.....	\$500,000
Budget Estimate, 1992.....	0
Decrease in Appropriation.....	-500,000
	=====

PROJECT STATEMENT

(On basis of adjusted appropriation and on basis of obligations under available funds)

Project	1990 Actual	1991 Estimated	Decrease	1992 Estimated
Compensation for construction defect.....	\$179,341	\$1,019,144	\$-1,019,144	0
Recovery of prior year obligations.....	-12,301	0	0	0
Unobligated balance available, start of year.....	-186,184	-519,144	519,144	0
Unobligated balance available, end of year.....	519,144	0	0	0
<u>Total appropriation.....</u>	<u>500,000</u>	<u>500,000</u>	<u>-500,000 (1)</u>	<u>0</u>

Staff-years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This program is authorized under section 509(c) of the Housing Act of 1949, as amended. The Secretary of Agriculture is authorized to make expenditures to correct structural defects, or to pay claims of owners arising from such defects on newly constructed dwellings purchased with FmHA financial assistance. Claims will not be paid until provisions under the builder's warranty have been fully pursued. Requests for compensation for construction defects must be made within eighteen months after the date financial assistance was granted.

JUSTIFICATION OF DECREASE

- (1) A decrease of \$500,000 for compensation for construction defects program (\$500,000 available in FY 1991).

Need for Change. The borrowers, with assistance from the Agency, should pursue the contractor to correct any structural or construction defects under the terms of the payment and performance bond or the construction guarantee.

Nature of Change. Better and closer inspection by the Agency should make these payments unnecessary. Also, financial assistance could be added to the section 502 housing loan for the borrower to purchase a construction guarantee from a private insurer.

Farmers Home Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

Compensation for Construction Defects

	1990 Amount	1991 Amount	1992 Amount
Alabama.....	6,986	--	--
Indiana.....	1,185	--	--
Kentucky.....	4,205	--	--
Louisiana.....	1,355	--	--
Michigan.....	16,000	--	--
Minnesota.....	29,650	--	--
Mississippi.....	20,432	--	--
Missouri.....	5,714	--	--
New York.....	51,520	--	--
North Carolina....	13,190	--	--
Oklahoma.....	192	--	--
Pennsylvania.....	22,109	--	--
South Carolina....	1,722	--	--
Texas.....	2,200	--	--
Washington.....	2,880	--	--
Total Avail./Est...	179,340	1,019,000 1/	--

1/ Cannot be distributed by geographic area in advance.

FARMERS HOME ADMINISTRATION

The 1992 Budget Estimates include language for this item as follows (new language underscored):

Rental Assistance Program:

For rental assistance agreements entered into or renewed pursuant to the authority under section 521(a)(2) of the Housing Act of 1949, as amended, \$269,800,000: Provided, That of this amount not more than \$11,800,000 shall be available for rental assistance in lieu of debt forgiveness or payments for eligible households as authorized by section 502(c)(5)(D) of the Act.

This change proposes new language for funds for a separate rental assistance program account, pursuant to credit reform provisions of the Omnibus Budget Reconciliation Act of 1990. From 1978 through 1991, the rental assistance program was funded under the Rural Housing Insurance Fund.

Rental Assistance Program

Appropriation Act, 1991.....	\$319,900,000
Budget Estimate, 1992.....	<u>269,800,000</u>
Decrease in Appropriation.....	<u>-50,100,000</u>
	=====

PROJECT STATEMENT
(On basis of appropriation)
(In thousands of dollars)

Project	1990 Actual	1991 Estimated	Decrease	1992 Estimated
Rental assistance (sec. 521)...	\$296,309	\$308,100	\$-50,100	\$258,000
Rental assistance in lieu of debt forgiveness (sec. 502(c)(5)(D)).....	44	11,800	0	11,800
<u>Total appropriation.....</u>	<u>296,353</u>	<u>319,900</u>	<u>-50,100 (1)</u>	<u>269,800</u>
	=====	=====	=====	=====

The FY 1990 actual and FY 1991 estimated activity is included in the above section for comparability purposes. They were appropriated under the Rural Housing Insurance Fund.

Staff years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

The rental assistance program is authorized under section 521(a)(2) of the Housing Act of 1949, as amended. Rental assistance payments are authorized to be made to owners of FmHA financed rural rental or cooperative housing or domestic farm labor housing facilities in order that low-income tenants will contribute towards their rent no more than the higher of (1) 30 percent of monthly adjusted income, (2) 10 percent of monthly income, or (3) designated housing payments from a welfare agency. Under this program, funding is provided for renewals of existing rental assistance contracts, assistance for newly constructed units, and for additional servicing assistance for existing projects. The program is administered in tandem with FmHA section 515 rural rental and cooperative housing programs, or the farm labor housing loan and grant programs.

For FY 1989, Congress authorized and appropriated assistance under section 502(c)(5)(D) for debt forgiveness or payments for eligible households to subsidize tenant rents in projects purchased by eligible nonprofit organizations or public agencies to prevent diversion of low-income rental housing by virtue of section 515 loan prepayment. The agency plans to use the subsidy payment mechanism of the rental assistance program to accomplish this mandate.

JUSTIFICATION OF DECREASE

- (1) A decrease of \$50,100,000 for the rental assistance program (\$319,900,000 available in FY 1991).

Need for Change. The Administration believes that the reduction in the section 521 rental assistance program would have a minimal impact on the Agency's ability to provide assistance for low or very low-income families since 8,000 units of rural housing vouchers at a cost of \$189,928,000 are being proposed under a separate account. Families eligible to be assisted under the rental assistance program could also be eligible under the rural housing voucher program as well. Vouchers will provide housing assistance more efficiently and will offer a greater choice of housing and location to program recipients. The program level requested will satisfy anticipated rental assistance contract renewal requirements, provide an adequate coverage of new construction rental assistance needs, plus reserve a modest number of units for the servicing needs arising from distressed projects or rent-overburdened tenants.

The Administration proposes to continue providing rental assistance through the section 502(c)(5)(D) rental assistance program in the form of monthly payments (in lieu of forgiveness of debt) at the same level to ensure that low and very low-income families are not adversely impacted by the sale (at market value) of existing projects to participating nonprofit housing organizations. Activity under this program has not approached appropriated levels to date as project owners have opted to accept FmHA's "incentive program" rather than sell their projects to participating nonprofit organizations.

Nature of Change. The program level will enable FmHA to provide section 521 rental assistance payments to an estimated 22,509 units and section 502(c)(5)(D) rental assistance payments to an estimated 1,029 units.

Farmers Home Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

Rural Rental Assistance Payments (Sec. 521)

	1990 Amount	1991 Amount	1992 Amount
Alabama.....	9,249,472	--	--
Alaska.....	845,220	--	--
Arizona.....	3,655,684	--	--
Arkansas.....	6,392,598	--	--
California.....	11,350,832	--	--
Colorado.....	1,969,231	--	--
Connecticut.....	2,204,603	--	--
Delaware.....	706,551	--	--
Florida.....	8,663,338	--	--
Georgia.....	7,622,635	--	--
Hawaii.....	773,290	--	--
Idaho.....	5,635,527	--	--
Illinois.....	9,080,612	--	--
Indiana.....	7,427,092	--	--
Iowa.....	8,864,469	--	--
Kansas.....	5,198,983	--	--
Kentucky.....	6,672,095	--	--
Louisiana.....	12,779,674	--	--
Maine.....	7,551,039	--	--
Maryland.....	2,737,475	--	--
Massachusetts.....	1,529,220	--	--
Michigan.....	9,410,298	--	--
Minnesota.....	7,010,940	--	--
Mississippi.....	11,162,223	--	--
Missouri.....	5,436,306	--	--
Montana.....	1,565,642	--	--
Nebraska.....	2,881,792	--	--
Nevada.....	1,845,243	--	--
New Hampshire.....	2,948,178	--	--
New Jersey.....	3,023,846	--	--
New Mexico.....	3,717,979	--	--
New York.....	4,880,842	--	--
North Carolina.....	13,179,109	--	--
North Dakota.....	2,466,554	--	--
Ohio.....	10,253,649	--	--
Oklahoma.....	5,887,219	--	--
Oregon.....	5,202,368	--	--
Pennsylvania.....	7,389,299	--	--
Rhode Island.....	33,141	--	--
South Carolina.....	6,955,746	--	--
South Dakota.....	4,482,901	--	--
Tennessee.....	7,345,817	--	--
Texas.....	18,286,498	--	--
Utah.....	2,375,956	--	--
Vermont.....	1,829,150	--	--
Virginia.....	7,560,901	--	--
Washington.....	7,577,016	--	--
West Virginia.....	5,204,278	--	--
Wisconsin.....	5,125,080	--	--
Wyoming.....	1,442,007	--	--
Puerto Rico.....	8,137,690	--	--
Trust Territories..	--	--	--
Virgin Islands.....	781,762	--	--
Total Avail./Est...	296,309,070	308,100,000 1/	258,000,000 1/

Rental Assistance (Sec. 502 (c)(5)(D))

Vermont.....	44,188	--	--
Total Avail.Est....	44,188	11,800,000 1/	11,800,000 1/

1/ Cannot be distributed by geographic area in advance.

FARMERS HOME ADMINISTRATION

The 1992 Budget Estimates include language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural [Rental Assistance Payments] Housing Voucher Program:

For necessary expenses to operate a housing voucher program under section 8(o) of the United States Housing Act of 1937, as amended (42 U.S.C. 1437f(o)), \$189,928,000, to be administered by the Secretary of Agriculture.

This change proposes new appropriation language for funding a rural housing voucher program.

Rural Housing Voucher Program

Appropriation Act, 1991.....	0
Budget Estimate, 1992.....	\$189,928,000
Increase in Appropriation.....	189,928,000
	=====

PROJECT STATEMENT
(On basis of appropriation)

Project	1990 Actual	1991 Estimated	Increase	1992 Estimated
Rural housing vouchers, appropriation.....	0	0	\$189,928,000	\$189,928,000
	=====			

Staff years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This program is authorized under section 8(o) of the United States Housing Act of 1937, as amended. FmHA proposes a rural housing voucher program based on the same payment standards and regulations set by the Department of Housing and Urban Development (HUD) for its section 8 voucher program. This voucher program will provide housing assistance payments to individuals and families based on the difference between what the family can afford for housing according to their income and the cost of rental housing in the community. As operated by HUD, the assistance is provided through a public housing agency (PHA) which determines the amount of the voucher by comparing the families' incomes to local rents. Assistance will be provided monthly, with annual renewals for up to five years.

This appropriation account will also continue to disburse funds for new construction rental assistance units obligated in prior years.

JUSTIFICATION OF INCREASE

An increase of \$189,928,000 for a rural housing voucher program (zero available in FY 1991).

Need for Change. Housing affordability and quality housing are the two most important problems facing low-income, rural households. FmHA's present programs cannot address both problems efficiently. A voucher program is proposed for those areas in which there is an adequate supply of housing. This will be a much more efficient means of assisting low-income households when new housing is not needed. Experience with the 1988 FmHA/HUD voucher demonstration in rural areas of 13 states proved that vouchers are a viable rural rental assistance tool.

Nature of Change. FmHA currently provides payments for rural households unable to afford rents at section 515 financed housing developments. The new voucher program is different only in that assistance is not tied to any one apartment complex. The Budget includes vouchers for 8,000 housing units which may be used for any of the area's available housing.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Geographic breakdown of estimated obligations of \$189,928,000 in fiscal year 1992 cannot be distributed by geographic area in advance.

PASSENGER MOTOR VEHICLES

The 1992 Budget Estimates propose the replacement of two passenger motor vehicles.

The passenger motor vehicles of the Farmers Home Administration are used primarily by the County Supervisors in the Pacific Trust Territories and Guam for the performance of their daily work. None of the vehicles are used in the 50 United States or Washington, D.C. The vehicles are used in areas where privately-owned vehicles and common carrier facilities are either non-existent, uneconomical, or inadequate due to the nature of the travel which requires a high degree of mobility with frequent stops at rural housing sites and farm properties. FmHA personnel are required to inspect and appraise homes and farms on which loan applications are pending. They also must visit various properties frequently to perform loan servicing activities.

Passenger motor vehicles are not assigned to one individual exclusively and are at locations where more than one employee has a need for them. This allows several employees to use a single vehicle and minimizes the number of vehicles and maintenance costs.

Replacement of passenger motor vehicles. Replacement of two passenger motor vehicles now in operation is proposed. These vehicles are located in the Pacific Trust Territories and must be replaced because of excessive rust and corrosion. The high salt spray content and high humidity of the air in this region are very conducive to corrosion and shorten the serviceability period of motor vehicles.

Age and mileage data for Farmers Home Administration passenger motor vehicles on hand as of September 30, 1990, are as follows:

<u>Age-Year Model</u>	<u>Age Data</u>		<u>Lifetime Mileage (thousands)</u>	<u>Mileage Data</u>	
	<u>Number of Vehicles</u>	<u>Percent of Total</u>		<u>Number of Vehicles</u>	<u>Percent of Total</u>
1985	2	67	20-30	2	67
1986	<u>1</u>	<u>33</u>	10-20	<u>1</u>	<u>33</u>
Totals	3	100		3	100
	=	===		=	===

RURAL DEVELOPMENT ADMINISTRATION

Purpose Statement

The Rural Development Administration was established by Public Law 101-624, The Food, Agriculture, Conservation and Trade Act of 1990, enacted November 28, 1990. The Rural Development Administration's program activities include:

COMMUNITY PROGRAMS:

Community facility loans - are insured loans authorized to be made to public, quasi-public, and nonprofit associations and to certain Indian tribes for essential community facilities including necessary related equipment. Loans are repayable in not more than 40 years. Direct loans bear interest not in excess of the current market yield for comparable term municipal obligations. Those loans, made in areas where: (1) the median household income falls below the higher of 80 percent of the statewide nonmetropolitan median household income or the poverty level, and (2) the project is needed to meet health or sanitary standards, bear interest not in excess of 5 percent. An intermediate rate based on the poverty rate plus one-half the difference between 5 percent and the market rate, with a ceiling of 7 percent, will apply for those projects that do not meet the requirements for the 5 percent interest rate but are located in areas where the median household income does not exceed 100 percent of the statewide nonmetropolitan median household income. Direct loan recipients also have their choice between the interest rate in effect at the time of loan approval or loan closing. An additional 2 percent is added to the interest rate if projects are built on prime farmland, unless the borrower is a public body and there are no suitable optional sites. Guaranteed loans may be made to borrowers unable to obtain credit elsewhere under similar terms and conditions. The interest rate for guaranteed loans is negotiated between the lender and borrower. Ineligible guaranteed loan transactions include loans involved in tax-exempt obligations and loans involving an FmHA grant.

Water and waste disposal loans - are loans authorized to be made to public, quasi-public, and nonprofit associations, and to certain Indian tribes for the development, replacement, or upgrading of water systems and waste disposal systems. These loans are repayable in not more than 40 years. Direct loans bear interest not in excess of the current market yield for comparable term municipal obligations. Those loans, made in areas where: (1) the median household income of the service area falls below the higher of 80 percent of the statewide nonmetropolitan median household income or the poverty level; and (2) the project is needed to meet applicable health or sanitary standards, bear interest not in excess of 5 percent. An intermediate rate based on the poverty rate plus one-half the difference between 5 percent and the market rate, with a ceiling of 7 percent, will apply for those projects that do not meet the requirements for the 5 percent interest rate but are located in areas where the median household income does not exceed 100 percent of the statewide nonmetropolitan median household income. Guaranteed loans may be made to borrowers unable to obtain credit elsewhere under similar terms and conditions. The interest rate for guaranteed loans is negotiated between the lender and borrower. Ineligible guaranteed loan transactions include loans involved in tax-exempt obligations and loans involving an FmHA grant.

Water and waste disposal grants - are authorized to be made to public, quasi-public, and nonprofit associations, and to certain Indian tribes for the development, storage, treatment, purification, and distribution of water or the collection, treatment, or disposal of waste in rural areas. Grants are used for water and waste disposal projects servicing the most financially needy communities to reduce user costs to a reasonable level. Grants may be made to communities that have a median household income that falls below the higher of the poverty line or 100 percent of the State's nonmetropolitan median household income. Grant rates are based on a graduated scale providing higher rates for projects in communities that have lower income levels but may not exceed 75 percent of the eligible development costs of the project. The grant rate for communities whose income level exceeds the poverty line and is more than 80 percent but less than 100 percent of the State's nonmetropolitan median household income may not exceed 55 percent of the eligible development cost of the project. In addition, P.L. 99-198, the Food Security Act of 1985, provided that not less than 1 percent nor more than 2 percent of the water and waste disposal grant funds appropriated each year be made available for technical assistance and training of eligible grantee associations.

Emergency community water assistance grants - are authorized to be made to public bodies and private nonprofit organizations for the purpose of construction or extension of waterlines, repairs or maintenance of existing systems, replace equipment, and pay cost to correct emergency situations. Grants made to alleviate a significant decline in quantity or quality of water available from the water supplies in rural areas that occurred within two years of filing an application with FmHA may not exceed \$500,000. Grants made for repairs, partial replacement, or significant maintenance on an established system may not exceed \$75,000.

Solid-waste management grants - are authorized to be made to private nonprofit organizations for the provision of regional technical assistance to local and regional governments and related agencies for reducing or eliminating pollution of water resources and improving the planning and management of solid waste disposal facilities.

Business and industrial guaranteed loans - are guarantees issued to local lenders on loans made to public, private, or cooperative associations organized for profit or nonprofit, to certain Indian tribes or tribal groups, corporate entities, or to individuals for the purpose of improving, developing, or financing business, industry, and employment, and improving the economic and environmental climate in rural communities. These loans are made at rates agreed upon by the borrower and lender with a maturity of 7, 15, or 30 years depending on the collateral offered, with a maximum of \$10 million per loan. Loan guarantees can also be issued through the Drought and Disaster (D&D) and Disaster Assistance for Rural Business Enterprises (DARBE) programs. These programs are designed to help alleviate economic stress on rural business entities caused, directly or indirectly, by natural disasters occurring in 1988 and 1989. The maximum loan principal guaranteed through the D&D program cannot exceed \$500,000 per borrower. The maximum loss payable under the DARBE program cannot exceed \$2,500,000.

Rural Development/Intermediary Relending Program loans - are to be made to intermediary borrowers (i.e., private nonprofit corporations, state or local government agencies, Indian tribes, and cooperatives) who, in turn, will relend the funds to rural businesses, private nonprofit organizations and others meeting the criteria for ultimate recipients. Financial assistance from the intermediary to the ultimate recipient must be for community development projects, the establishment of new businesses and/or the expansion of existing businesses, creation of employment opportunities and/or saving existing jobs. Beginning in FY 1991, requests for funding will be reviewed and ranked quarterly with loans being awarded in the order of priority ranking. The total amount of FmHA loan funds requested by the intermediary plus the outstanding balance of existing FmHA loan(s) may not exceed \$2,000,000 per intermediary.

Rural development grants - are made to finance and facilitate development of small and emerging private business enterprises in rural areas or cities of up to 50,000 population. Priority is given to applications for projects in open country, rural communities and towns of 25,000 and smaller and economically distressed communities. Industrial development grants include grants made to third party lenders to establish revolving loan programs.

Other rural development grants - are provided from funds transferred from the Appalachian Regional Commission and other Federal organizations for cooperative efforts in rural development. The funded projects focus on basic needed facilities essential to the region's growth and economic development.

General - In fiscal year 1992, the budgeted lending programs will be comprised of direct and guaranteed loans. Direct loans are made direct to the borrower by the Agency and serviced by the Agency for the life of the loan.

Guaranteed loans are originated, held, and serviced by a private financial agency or other lender approved by the Secretary. The Agency guarantees to pay to the lender up to a specified percent of the face value of a guaranteed loan if the borrower fails to repay.

Planning for the FY 1992 Rural Development Administration structure is underway. For both the national office and the field, 925 staff years will be allocated.

Available Funds and Staff Years, 1990 and Estimated 1991 and 1992

(Note: The following table reflects appropriations and transfers from other agencies.)

Item	1990 Actual		1991 Estimated		1992 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Rural Development Administration						
Rural development insurance fund:						
Reimbursement for interest subsidies and losses.....	1,474,499,000:	--:	1,666,160,000:	--:	--:	--
Rural development insurance fund program account.....	--:	--:	--:	--:	130,663,000:	--
Rural development loan fund program account.....	--:	--:	--:	--:	18,199,000:	--
Rural development loan a/ fund.....	17,319,000:	--:	30,500,000:	--:	--:	--
Rural water and waste b/ disposal grants.....	207,700,000:	--:	300,000,000:	--:	225,000,000:	--
Emergency community water assistance grants.....	--:	--:	10,000,000:	--:	--:	--
Solid waste management grants..	--:	--:	1,500,000:	--:	--:	--
Rural development grants.....	16,406,000:	--:	20,750,000:	--:	20,000,000:	--
Salaries and Expenses:						
Direct appropriation.....	10,942,000:	149:	12,644,000:	154:	13,722,000:	154
Transfer from ACIPA.....	2,590,000:	40:	2,993,000:	42:	3,248,000:	42
Transfer from RDIPA.....	43,784,000:	683:	50,592,000:	710:	54,906,000:	710
Transfer from RDLPA.....	550,000:	10:	635,000:	10:	689,000:	10
Subtotal, salaries & expenses and program resources.....	57,866,000:	882:	66,864,000:	916:	72,565,000:	916
Total.....	1,773,789,000:	882:	2,095,774,000:	916:	466,427,000:	916
Obligations under other USDA appropriations:						
Soil Conservation Service:						
Watershed protection & flood prevention.....	251,300:	7:	252,500:	7:	252,500:	7
Resource conservation and development.....	59,200:	2:	60,000:	2:	60,000:	2
Total, Soil Conservation Service.....	310,500:	9:	312,500:	9:	312,500:	9
Total, Agricultural Appropriations & RDA.....	1,774,099,500:	891:	2,096,086,500:	925:	466,739,500:	925
Total, Rural Development Administration.....	1,774,099,500:	891:	2,096,086,500:	925:	466,739,500:	925

	1990 Actual	1991 Estimated	1992 Estimated
Full time Equivalent Staff-Years:			
Ceiling.....	891	925	925
Non Ceiling.....	27	27	27
Total.....	918	952	952

a/ Excludes \$360,872 of unobligated balances, \$1,914 of recoveries from prior years and \$1,764,626 in repayments to the fund which were available in FY 1990, and an estimated \$2,000,000 in repayments which will be available in FY 1991.

b/ Excludes \$1,270,573 of unobligated balance and \$4,372,489 of recoveries from prior year appropriations which were available in 1990 and \$1,307,320 of unobligated balance which will be available in 1991.

RURAL DEVELOPMENT ADMINISTRATION
Permanent Positions by Grade and Staff-Year Summary
1990 and Estimated 1991 and 1992

Grade	1990			1991			1992		
	Head- quarters	Field	Total	Head- quarters	Field	Total	Head- quarters	Field	Total
Executive Level V	1	--	1	1	--	1	1	--	1
ES-6	--	--	--	--	--	--	--	--	--
ES-5	1	--	1	1	--	1	1	--	1
ES-4	1	--	1	1	--	1	1	--	1
ES-3	--	--	--	--	--	--	--	--	--
ES-2	--	--	--	--	--	--	--	--	--
ES-1	--	--	--	--	--	--	--	--	--
GS/GM-15	7	--	7	7	--	7	7	--	7
GS/GM-14	15	--	15	15	--	15	15	--	15
GS/GM-13	16	265	281	16	265	281	16	265	281
GS-12	17	220	237	17	220	237	17	220	237
GS-11	15	45	60	15	45	60	15	45	60
GS-10	1	--	1	1	--	1	1	--	1
GS-9	4	45	49	4	45	49	4	45	49
GS-8	2	--	2	2	--	2	2	--	2
GS-7	8	--	8	8	--	8	8	--	8
GS-6	6	220	226	6	220	226	6	220	226
GS-5	9	20	29	9	20	29	9	20	29
GS-4	4	--	4	4	--	4	4	--	4
GS-3	2	--	2	2	--	2	2	--	2
GS-2	--	--	--	--	--	--	--	--	--
GS-1	--	--	--	--	--	--	--	--	--
Ungraded Position	1	--	1	1	--	1	1	--	1
Total Permanent Positions	110	815	925	110	815	925	110	815	925
Unfilled Positions end-of-year	3	46	49	--	--	--	--	--	--
Total, Permanent Employment, end-of-year	107	769	876	110	815	925	110	815	925
Staff Years: Ceiling	106	785	891	110	815	925	110	815	925
Non-Ceiling	4	23	27	4	23	27	4	23	27
Total 1/	110	808	918	114	838	952	114	838	952

1/ Staff-years of overtime include: 1990, 10; 1991, 10; 1992, 10.

RURAL DEVELOPMENT ADMINISTRATION

CLASSIFICATION BY OBJECTSFY 1990 and Estimated FY 1991 and FY 1992

Personnel Compensation:	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>
Headquarters.....	\$ 3,676,000	\$ 4,245,000	\$ 4,490,000
Field.....	<u>23,904,000</u>	<u>27,602,000</u>	<u>29,196,000</u>
11 Total personnel compensation....	27,580,000	31,847,000	33,686,000
12 Personnel benefits.....	<u>6,014,000</u>	<u>6,944,000</u>	<u>7,343,000</u>
Total personnel compensation and benefits.....	33,594,000	38,791,000	41,029,000
Other Objects:			
21 Travel.....	2,279,000	2,632,000	2,854,000
22 Transportation of things.....	214,000	247,000	247,000
24 Printing and reproduction.....	419,000	484,000	484,000
25 Other services.....	133,263,000	106,348,000	101,204,000
26 Supplies and materials.....	411,000	475,000	475,000
31 Equipment.....	2,893,000	3,340,000	3,340,000
33 Investments and Loans.....	480,137,000	653,333,000	19,018,000
41 Grants, subsidies and contributions.....	228,442,000	333,557,000	338,267,000
43 Interest and dividends.....	768,178,000	736,060,000	746,564,000
44 Refunds.....	<u>1,827,000</u>	<u>6,800,000</u>	<u>6,500,000</u>
Total other objects.....	<u>1,618,063,000</u>	<u>1,843,276,000</u>	<u>1,218,953,000</u>
Total obligations.....	<u>1,651,657,000</u>	<u>1,882,067,000</u>	<u>1,259,982,000</u>
<u>Position Data:</u>			
Average Salary, ES positions.....	\$80,300	\$102,550	\$107,675
Average Salary, GS positions.....	\$34,925	\$36,357	\$38,175
Average Grade, GS positions.....	10.33	10.33	10.33

Rural Development Administration
Program Levels
(Dollars in Thousands)

1/30/91

	FY 1990 Number of Loans/Gts	FY 1990 ACTUAL AMOUNTS	FY 1991 Number of Loans/Gts	FY 1991 CURRENT ESTIMATE	FY 1992 Number of Loans/Gts	FY 1992 PRESIDENTS BUDGET
RURAL DEVELOPMENT INSURANCE FUND						
Direct Water and Waste Loans	686	\$350,293	948	\$500,000	781	\$425,000
Guar. Water and Waste Loans	0	0	58	35,000	0	0
Direct Comm. Facility Loans	265	94,381	272	100,000	120	45,700
Guar. Comm. Facility Loans	10	13,599	18	25,000	35	50,000
Guar. Business and Industry Loans	82	88,473	90	100,000	83	95,000
Guar. B&I (D/D and DARBE)	21	15,800	109	70,000	0	0
	-----	-----	-----	-----	-----	-----
Subtotal RDIF	1,064	562,546	1,495	830,000	1,019	615,700
OTHER RURAL DEVELOPMENT PROGRAMS						
Intermediary Relending Loans (RDIF)	15	19,050	25	32,500	26	35,000
Water and Waste Grants	467	212,036	642	301,307	465	225,000
Rural Development Grants	129	16,406	150	20,750	145	20,000
Solid Waste Management Grants	0	0	5	1,500	0	0
Emer. Comm. Water Assist. Grants	0	0	50	10,000	0	0
Fire Grants (FS)	3,539	3,010	3,800	3,500	0	0
	-----	-----	-----	-----	-----	-----
Subtotal Other Rural Development	4,150	250,502	4,672	369,557	636	280,000
	-----	-----	-----	-----	-----	-----
TOTAL RDA PROGRAM (excl'd. transfers)	5,214	813,048	6,167	1,199,557	1,655	895,700
	-----	-----	-----	-----	-----	-----
TRANSFER PROGRAMS						
Indian Land Acquisition Loans	2	1,000	2	1,000	4	2,000
Watershed and Flood Prev. Loans	2	2,649	4	4,000	0	0
Resource, Conser. & Dev. Loans	1	72	5	600	0	0
Appalachia Grants (ARC)	54	11,652	44	10,000	30	7,000
	-----	-----	-----	-----	-----	-----
Subtotal transfers	59	15,373	55	15,600	34	9,000
SUMMARY						
Direct Loans	971	467,445	1,256	638,100	931	507,700
Guar. Loans	113	117,872	275	230,000	118	145,000
Grants	4,135	231,452	4,647	337,057	610	245,000
	-----	-----	-----	-----	-----	-----
SUMMARY - RDA PROGRAM LEVEL	5,273	828,421	6,222	1,215,157	1,689	904,700
	-----	-----	-----	-----	-----	-----
SALARIES AND EXPENSES						
Direct Appropriation		10,942		12,644		13,722
Transfers and Misc. Reimb.		311		313		313
Offsetting Collections ACIPA		2,590		2,993		3,248
Offsetting Collections RDIPA		43,784		50,592		54,906
Offsetting Collections RDLFA		550		635		689
		-----		-----		-----
Subtotal Salaries and Expenses		58,177		67,177		72,878
	-----	-----	-----	-----	-----	-----
TOTAL RDA	5,273	886,598	6,222	1,282,334	1,689	977,578
	-----	-----	-----	-----	-----	-----

/usr2/grh/sps/RDA

RURAL DEVELOPMENT ADMINISTRATION
COMPARISON OF LOAN DELINQUENT RATE
(Dollars in thousands)

	September 30, 1989				September 30, 1990			
	All Borrowers		Borrowers Delinquent		All Borrowers		Borrowers Delinquent	
	Number	Amount of Loans Outstanding	Number	% of Del	Number	Amount of Loans Outstanding	Number	% of Del
Rural Development Insur. Fund								
Community Facilities Loans:								
Water and Waste.....	6,568	2,852,341	69	1	6,762	3,085,131	59	1
Other Community Facilities 1/	1,700	855,994	30	2	1,829	935,959	28	2
Insured Business and Industry Loans.....	23	20,216	5	22	22	18,991	4	18
Total, RDIF.....	8,291	3,728,551	104	1	8,613	4,040,081	91	1
Community Service Adminis. 2/								
Economic Opportunity Loans:								
Individual.....	108	160	95	88	63	91	52	83
Cooperative.....	25	2,273	8	32	22	2,058	8	36
Total, CSA.....	133	2,433	103	77	85	2,149	60	71
Total, RDA.....	8,424	3,730,984	207	3	8,698	4,042,230	151	2

1/ Information on Intermediary Relending Loans not available at this time.

2/ RDA is responsible only for servicing on Equal Opportunity Loans, the last of which were made in FY 1974.

RURAL DEVELOPMENT ADMINISTRATION

The FY 1992 Budget Estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

SALARIES AND EXPENSES

For necessary expenses of the Rural Development Administration, not otherwise provided for, in administering the rural development programs of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921-2000), as amended: Section 1323 of the Food Security Act of 1985 (7 U.S.C. 1932 note), title VI of the Rural Development Act of 1972, and such other rural development programs as the Secretary determines appropriate through the Rural Development Administration, \$13,722,000, of which not to exceed \$500,000 shall be available for employment under 5 U.S.C. 3109; and of which not to exceed \$3,679,000 shall be available for contracting with the National Rural Water Association or other equally qualified national organization for circuit rider program to provide technical assistance for rural water systems.

The first change establishes the new Rural Development Administration authorized under P.L. 101-624, Food, Agriculture, Conservation and Trade Act of 1990. Funding and staff years have been deducted from Farmers Home Administration's funding and a like amount has been included in the Rural Development Administration funding.

RURAL DEVELOPMENT ADMINISTRATION

Salaries and Expenses

	<u>Appropriation</u>	<u>Program Resources</u>	<u>Total</u>
Appropriation Act, 1991:			
Salaries & Expenses.....	\$12,644,000	\$54,533,000	\$67,177,000
Budget estimate, 1992.....	<u>13,722,000</u>	<u>59,156,000</u>	<u>72,878,000</u>
Increase in appropriation.....	<u>+1,078,000</u>	<u>+4,623,000</u>	<u>+5,701,000</u>

SUMMARY OF INCREASES AND DECREASES
(On Basis of Appropriation)

	Salaries & Expenses	Misc. Direct Approp.	ACIF Reimb. Account	RDIF Program Account	RDLF Program Account	Total Available
FY 1991 Estimate	\$12,644,000	\$313,000	\$2,993,000	\$50,592,000	\$635,000	\$67,177,000
Items of Increase or Decrease:						
Pay Costs.....	423,000	--	100,000	1,694,000	21,000	2,238,000
Rural Development Initiative.....	492,000	--	116,000	1,967,000	25,000	2,600,000
Training.....	53,000	--	13,000	209,000	2,000	277,000
Redesign Accounting System.....	55,000	--	13,000	222,000	3,000	293,000
ADP Maintenance.....	55,000	--	13,000	222,000	3,000	293,000
Subtotal, Increases and Decreases.....	1,078,000	--	255,000	4,314,000	54,000	5,701,000
FY 1992 Estimate	13,722,000	313,000	3,248,000	54,906,000	689,000	72,878,000
Transfers from Other Accounts	-0-	-313,000	-3,248,000	-54,906,000	-689,000	-59,156,000
Total Appropriation for FY 1992	13,722,000	0	0	0	0	13,722,000

RURAL DEVELOPMENT ADMINISTRATION

Salaries and Expenses

PROJECT STATEMENT
(on basis of appropriation)

Project	1990 Actual		1991 Estimated		Increase or Decrease	1992 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Salaries and Expenses:							
Appropriation.....	\$10,942,000:	149	\$12,644,000:	154:	\$1,078,000:	\$ 13,722,000:	154
Administrative							
Expenses contained							
in other Accounts:							
Agricultural Credit:							
Insurance Program:							
Account.....	2,590,000:	40	2,993,000:	42:	255,000	3,248,000:	42
Rural Development							
Insurance Fund							
Program Account..	43,784,000:	683	50,592,000:	710:	4,314,000	54,906,000:	710
Rural Development							
Loans Program							
Account.....	550,000:	10	635,000:	10:	54,000	689,000:	10
Miscellaneous							
Reimbursements....	311,000:	9	313,000:	9:	--	313,000:	9
					(1)		a/
Available Funds.....	58,177,000:	891	67,177,000:	925:	5,701,000	72,878,000:	925
Transfers from							
Other Accounts	-47,235,000:	-742	-54,533,000:	-771:	-4,623,000	-59,156,000:	-771
Total Appropriation.	10,942,000:	149	12,644,000:	154:	1,078,000	13,722,000:	154

a/ Excludes 117 staff years for reimbursable activities performed by FmHA.

EXPLANATION OF PROGRAM

Funds appropriated to these accounts are used to administer the various loan and grant programs of the Rural Development Administration. Funds are made available from the Agricultural Credit Insurance Fund Program Account, the Rural Development Insurance Fund Program Account and the Rural Development Loan Fund to provide for the administration of programs associated with those funds. An annual allotment is received from the Soil Conservation Service to fund the costs of administering Watershed, Flood, and Resource Conservation and Development loans. Administration of the programs includes the reviewing of applications, making and collecting loans, and extending technical assistance to borrowers.

RURAL DEVELOPMENT ADMINISTRATION
JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net increase of \$5,701,000 for the administration of loan and grant programs consisting of:

(a) An increase of \$2,238,000 for pay costs.

Need for Change: Pay increases for fiscal year 1991 amount to 4.1% and it is projected to be 5.0% in FY 1992. The Agency must adjust its salary base in order to fund the staff years currently requested.

Nature of Change: The request represents the Agency's portion of the annualization of the fiscal year 1991 pay costs and 50% of the fiscal year 1992 pay increase, \$2,238,000.

(b) An increase of \$2,600,000 for Rural Development Initiatives.

Need for Change. The new Rural Development Administration will support the President's rural development initiatives, including expansion of state councils from the eight planned for 1991.

Nature of Change. It is proposed that funding be used to establish State Rural Development Councils which will help identify and assess local rural development needs and coordinate delivery of Federal rural development programs to meet those needs. In addition, a series of Rural Development Demonstration programs will be organized to identify regional rural development needs, develop plans of action to meet those needs, evaluate the process and its results for future application on a broader scale. The State Rural Development Councils are composed of heads of Federal agencies with rural development interest and staffed with an executive director. The state councils work with state and local governments to effect economic development.

(c) An increase of \$277,000 for Agency training.

Need for Change: The Agency will provide more standardized and consistent training for the field staff in response to GAO and OIG recommendations for improved training in areas such as credit and financial analysis. RDA staff will need initial training in areas inherent to rural lending as new programs and initiatives unfold.

Nature of Change: The requested increase will continue the 1991 implementation of a more structured and targetted training program in FY 1992.

(d) An increase of \$293,000 to redesign the Agency's accounting system.

Need for Change: RDA will share in the cost associated with FmHA's plans to begin the first phase of evaluating and updating the FmHA information and accounting system that supports the loan making and loan servicing programs for both agencies. For several years, OMB and GAO have identified the 20-year-old accounting system as a "High Risk Area" needing correction. In addition, the accounting system will need to meet the new Federal Credit Reform requirements.

Nature of Change: The requested amount will fund the Agency's portion of the project in FY 1992.

(e) An increase of \$293,000 for Automated Data Processing equipment maintenance.

Need for Change: The maintenance costs associated with the AT&T 3B2's and other ADP equipment purchased in FY 1990 and FY 1991 had warranties ranging from 3 months to one year. The requested increase is needed to cover the full-year maintenance costs of RDA's equipment since the warranties have expired.

Nature of Change: The requested increase represents the Agency's portion of the ADP maintenance expenses.

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RURAL DEVELOPMENT ADMINISTRATION
Salaries and Expenses
Obligations by Organizational Unit 1/

<u>Organizational Unit</u>	<u>Obligations (in thousands rounded)</u>			
	<u>Personnel Comp. and Benefits</u>	<u>Travel</u>	<u>All Other</u>	<u>Total</u>
<u>FISCAL YEAR 1990:</u>				
National Office	\$ 4,450	\$ 260	\$1,960	\$ 6,670
Field Offices	<u>29,144</u>	<u>2,019</u>	<u>20,344</u>	<u>51,507</u>
Total, RDA	33,594	2,279	22,304	58,177
Less Allocations from other accounts	<u>-27,276</u>	<u>-1,850</u>	<u>-18,109</u>	<u>-47,235</u>
Total, S&E, RDA	<u>6,318</u>	<u>429</u>	<u>4,195</u>	<u>10,942</u>
<u>FISCAL YEAR 1991: (estimate)</u>				
National Office	5,170	290	2,400	7,860
Field Offices	<u>33,621</u>	<u>2,342</u>	<u>23,354</u>	<u>59,317</u>
Total, RDA	38,791	2,632	25,754	67,177
Less Allocations from other accounts	<u>-31,490</u>	<u>-2,137</u>	<u>-20,906</u>	<u>-54,533</u>
Total, S&E, RDA	<u>7,301</u>	<u>495</u>	<u>4,848</u>	<u>12,644</u>
<u>FISCAL YEAR 1992: (estimate)</u>				
National Office	5,469	300	2,700	8,469
Field Offices	<u>35,560</u>	<u>2,554</u>	<u>26,295</u>	<u>64,409</u>
Total, RDA	41,029	2,854	28,995	72,878
Less Allocations from other accounts	<u>-33,304</u>	<u>-2,316</u>	<u>-23,536</u>	<u>-59,156</u>
Total, S&E, RDA	<u>7,725</u>	<u>538</u>	<u>5,459</u>	<u>13,722</u>

1/ Includes reimbursable obligations.

Positions Filled, Staff-Years and Average
Grade and Salary by Organizational Unit

<u>Organizational Unit</u>	<u>Positions Filled at End of Year</u>		<u>Staff- Years</u>	<u>Permanent Full-time</u>	
	<u>Permanent Full-Time</u>	<u>Other</u>		<u>Average Grade</u>	<u>Average Salary</u>
<u>FISCAL YEAR 1990:</u>					
National Office	107	3	110	10.50	\$35,500
Field Offices	<u>769</u>	<u>50</u>	<u>808</u>	<u>10.31</u>	<u>34,860</u>
Total, RDA	876	53	918	10.33	34,925
<u>FISCAL YEAR 1991: (estimate)</u>					
National Office	110	5	114	10.50	36,955
Field Offices	<u>815</u>	<u>65</u>	<u>838</u>	<u>10.31</u>	<u>36,290</u>
Total, RDA	925	70	952	10.33	36,357
<u>FISCAL YEAR 1992: (estimate)</u>					
National Office	110	5	114	10.50	38,800
Field Offices	<u>815</u>	<u>65</u>	<u>838</u>	<u>10.31</u>	<u>38,105</u>
Total, RDA	925	70	952	10.33	38,175

RURAL DEVELOPMENT ADMINISTRATION

The 1992 Budget Estimates include proposed changes in the language as follows (new language underscored; deleted matter enclosed in brackets):

Rural Development Insurance Fund:

[For direct and guaranteed loans as authorized by 7 U.S.C. 1928 and 86 Stat. 661-664, to be available from funds in the Rural Development Insurance Fund, as follows: water and sewer facility loans, \$535,000,000, of which \$35,000,000 shall be for guaranteed loans; guaranteed industrial development loans, \$100,000,000; and community facility loans, \$125,000,000, of which \$25,000,000 shall be for guaranteed loans.

For an additional amount to reimburse the Rural Development Insurance Fund for interest subsidies and losses sustained in prior years, but not previously reimbursed, in carrying out the provisions of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1988(a)), \$1,666,160,000.]

This change eliminates the appropriation language for the liquidating account. All activity in FY 1992 and beyond will be reflected in the Rural Development Insurance Fund Program Account below. Under Credit Reform, an additional amount to reimburse the Fund for interest subsidies and losses incurred will not be requested.

Rural Development Insurance Fund Program Account:

For the cost, as defined in section 13201 of the Budget Enforcement Act of 1990, including the cost of modifying loans, or direct and guaranteed loans authorized by 7 U.S.C. 1928 and 86 Stat. 661-664 as amended, as follows: cost of direct loans, \$69,168,000 and cost of guarantees, \$6,589,000: Provided, That these funds are available to subsidize gross obligations for the principal amount of direct loans of not to exceed \$470,700,000 and total loan principal any part of which is to be guaranteed not to exceed \$145,000,000.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, \$54,906,000 of which not to exceed \$54,906,000 may be transferred to and merged with the appropriations for Salaries and Expenses, to cover the common overhead expenses associated with implementing the Credit Reform Act of 1990.

This change provides new appropriation language for funds for the lifetime subsidy level associated with the direct and guaranteed loan levels provided in the language, pursuant to the Omnibus Budget Reconciliation Act of FY 1990. In addition, administrative expenses, including those arising from servicing of loans obligated prior to FY 1992 are now being appropriated directly to this account.

RURAL DEVELOPMENT INSURANCE FUND

The 1992 budget reflects the new credit reform procedures for federal credit programs authorized by the Balanced Budget Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990. Basically, these procedures require that budget authority and outlays for these programs represent subsidy costs, including interest subsidies, defaults, and administrative expenses, rather than loan disbursements and repayments. Loan levels are included in the appropriation language requested for the subsidy amount for FY 1992. The appropriation language also specifies the portion of the requested budget authority to be used for administrative expenses. Budget authority for the subsidy represents the difference between the Government's cash disbursements and the net present value of estimated cash inflows over the lifetime of the loans; whereas outlays represent the portion of the subsidy related to the loan amount disbursed within the year. Budget authority and outlays for the subsidies are presented in the Budget in "loan program accounts." All loan disbursement and repayment activity related to loans made in FY 1992 or later appear in a "financing account" and are considered "off-budget" for purposes of estimating the deficit. Budget authority and outlays for existing portfolios of loans are reflected in the Budget in "liquidating accounts" and are calculated as before, to represent disbursements, borrower repayments and payments, Federal Financing Bank repayments and Treasury borrowing requirements.

(a) Rural Development Insurance Fund - Liquidating Account

As required by Title XIII, section 13201, of the Omnibus Budget Reconciliation Act of 1990, the current revolving fund account will be referred to as a liquidating account. No new loans and no administrative expenses will be charged to it after FY 1991. The liquidating account will be used to liquidate the loans made prior to FY 1992, as long as the terms and conditions of these loans do not change. Activity of this account will include loan disbursements, collection of interest, loan repayments and prepayments, payments of interest to Treasury and the Federal Financing Bank, proceeds from the sale of acquired property, fees, and other revenues and expenses related to obligations and commitments made prior to FY 1992. Although FY 1990 actual and FY 1991 estimated activity is included in the sections that follow, they are provided for comparability purposes only.

Under Credit Reform, the liquidating account will not now or in the future request an appropriation to reimburse the Fund for losses which will incur and have incurred since September 30, 1989.

(b) Rural Development Insurance Fund Program Account
 (On basis of loan level, subsidy, and administrative expense)
 (In thousands of dollars)

	Loan Level	Subsidy	Administrative Expense
Amount, FY 1991.....	\$830,000	0	\$50,592
Amount, FY 1992.....	615,700	\$75,757	54,906
Increase or Decrease in Amount.....	-214,300	75,757	4,314
	=====	=====	=====

SUMMARY OF INCREASES AND DECREASES
(On basis of loan levels, subsidies and administrative expenses)
(In thousands of dollars)

Item of Change	1991 Estimated	Program Changes	1992 Estimated
Total:			
Direct loans.....	\$600,000	\$-129,300	\$470,700
Direct loan subsidy.....	0	69,168	69,168
Guaranteed loans.....	160,000	-15,000	145,000
Guaranteed loan subsidy.....	0	6,589	6,589
Guaranteed loan authority available from prior years...	70,000	-70,000	0
Administrative expenses.....	50,592	4,314	54,906
Total:			
Loans.....	830,000	-214,300	615,700
Subsidies.....	0	75,757	75,757
Administrative expenses.....	50,592	4,314	54,906

Staff-years are reflected in the Salaries and Expense Project Statement.

PROJECT STATEMENT
(On basis of loan levels, subsidies and administrative expenses)
(In thousands of dollars)

Project	1990 Actual	1991 Estimated	Increase or Decrease	1992 Estimated
Water and waste disposal:				
Direct loans.....	\$350,293	\$500,000	\$-75,000 (1)	\$425,000
Direct loan subsidy.....	0	0	63,678	63,678
Guaranteed loans.....	0	35,000	-35,000 (2)	0
Guaranteed loan subsidy....	0	0	0	0
Community facility:				
Direct loans.....	94,381	100,000	-54,300 (3)	45,700
Direct loan subsidy.....	0	0	5,490	5,490
Guaranteed loans.....	13,599	25,000	25,000 (4)	50,000
Guaranteed loan subsidy....	0	0	1,016	1,016
Business and industry:				
Guaranteed loans.....	88,473	100,000	-5,000 (5)	95,000
Guaranteed loan subsidy....	0	0	5,573	5,573
Disaster Assistance Act of 1988 a/.....	1,182	10,000	-10,000 (6)	0
Disaster Assistance Act of 1989 b/.....	14,618	60,000	-60,000 (6)	0
Administrative expenses.....	43,784	50,592	4,314	54,906
Total:				
Direct loans.....	444,674	600,000	-129,300	470,700
Direct loan subsidy.....	0	0	69,168 (7)	69,168
Guaranteed loans.....	117,872	230,000	-85,000	145,000
Guaranteed loan subsidy....	0	0	6,589 (8)	6,589
Administrative expenses.....	43,784	50,592	4,314 (9)	54,906

Staff-years are reflected in the Salaries and Expense Project Statement.

a/ The Disaster Assistance Act of 1988, P.L. 100-387 provided \$200 million in loan guarantee authority, to remain available until expended. Amounts shown represent estimated obligations of the guarantee authority.

b/ The Disaster Assistance Act of 1989, P.L. 101-82, provided an additional \$200 million in loan guarantee authority with slightly different restrictions. The bill Making Technical Corrections in Agricultural Programs, P.L. 101-220, increased this loan guarantee authority by another \$100 million. Amounts shown represent estimated obligations of the guarantee authority. This \$300 million authority is available until expended.

Outlays in FY 1992 associated with the FY 1992 loan program account are estimated to be \$60,429,000 of which \$5,523,000 is for subsidies and \$54,906,000 is for administrative expenses.

EXPLANATION OF PROGRAM

As required by Title XIII, section 13201, of the Omnibus Budget Reconciliation Act of 1990, this account records the subsidy costs associated with the direct loan obligations and guaranteed loan commitments of this account in FY 1992 and beyond. Subsidy amounts are obtained by estimating the difference between the Government's cash disbursements and the net present value of the Government's cash inflows resulting from direct and guaranteed loans made through this account. For the requested FY 1992 direct loans of \$470,700,000 and guaranteed loans of \$145,000,000, the associated lifetime subsidy is estimated to be \$69,168,000 and \$6,589,000, respectively. Corresponding administrative expenses and staff-years are justified in the Salaries and Expenses Project Statement.

The Rural Development Act of 1972 authorized the establishment of the Rural Development Insurance fund under section 309A of the Consolidated Farm and Rural Development Act. This Act provided for transfer to the Rural Development Insurance Fund the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities. This fund is used to insure or guarantee loans for water systems and waste disposal facilities, community facilities and industrial development in rural areas. A description of each type of loan follows:

Direct water and waste disposal loans. Loans are made to public bodies, organizations operated on a not for profit basis and Indian tribes on Federal and State Reservations and other Federally recognized Indian tribes, for the development of storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. A rural area includes any area in any city or town which has a population of not more than 10,000 inhabitants.

Applicants must be unable to obtain sufficient credit elsewhere to finance actual needs at reasonable rate and terms. FmHA loans are repayable in not more than 40 years or the useful life of the facility, whichever is less. These loans bear interest not in excess of the current market yield for comparable term municipal obligations. Those loans, made in areas where the median household income falls below the higher of 80 percent of the statewide nonmetropolitan median household income or the poverty level and the project is needed to meet health or sanitary standards, bear interest not in excess of 5 percent, the poverty line interest rate. The intermediate interest rate, which is the poverty line rate plus one-half the difference between the poverty line rate and the market rate, with a ceiling of 7 percent, applies when the loan does not meet the requirements of the poverty line rate and the median household income of the service area is not more than 100 percent of the nonmetropolitan median household income of the State.

Direct community facility loans. Loans are made to public bodies, organizations operated on a not for profit basis and Indian tribes on Federal and State Reservations and other Federally recognized Indian tribes, to construct, enlarge, extend, or otherwise improve community facilities which provide essential services to rural residents. Such facilities include those providing or supporting overall community development such as fire and rescue services, health care, hydroelectric generation, and community, social and cultural benefits. Loans are made for facilities which primarily serve rural residents of open country and rural towns and villages of not more than 20,000 population.

Applicants must be unable to obtain sufficient credit elsewhere to finance actual needs at reasonable rates and terms. Loans are repayable in not more than the useful life of the facility or 40 years, whichever is less. These loans bear interest not in excess of the current market yield for comparable term municipal obligations. Those loans, made in areas where the median household income falls below the higher of 80 percent of the statewide nonmetropolitan median household income or the poverty level and the project is needed to meet health or sanitary standards, bear interest not in excess of 5 percent which is the poverty line interest rate. The intermediate interest rate, which is the poverty line rate plus one-half the difference between the poverty line rate and the market rate, with a ceiling of 7 percent, applies when the loan does not meet the requirements of the poverty line rate and the median household income of the service area is not more than 100 percent of the

nonmetropolitan median household income of the State. An additional 2 percent is added to the interest rate if the projects are built on prime farmland, unless the borrower is a public body and there are no suitable optional sites.

Guaranteed community facility loans. Beginning in FY 1990, guaranteed loan authority was made available through the community facilities loan program. Eligible borrowers and loan purposes are similar to those under the direct community facilities loan program with the exception that loans involving tax-exempt obligations and loans involving a FmHA grant may not be guaranteed. Normally, the guarantee will not exceed 80 percent, however, in extraordinary circumstances it may be increased up to a maximum of 90 percent. The interest rate is negotiated between the borrower and lender and may be a fixed or variable rate.

Guaranteed business and industrial development loans. These guaranteed loans are made to public, private, or cooperative organizations organized for profit or nonprofit, to certain Indian tribes or tribal groups, corporate entities, or to individuals for the purpose of improving the economic climate in rural areas. Such purposes include financing business and industrial acquisition, construction, conversion, enlargement, repair or modernization; financing the purchase and development of land, easements, rights-of-way, buildings, equipment, facilities, machinery, supplies and materials; and paying start-up costs and supplying working capital. Industrial development loans may be made in any area that is not within the outer boundary of any city having a population of 50,000 or more and its immediately adjacent urbanized and urbanizing areas with a population density of more than 100 persons per square mile. Special consideration for such loans is given to rural areas and cities having a population of 25,000 or less. To obtain a loan, a borrower must have the legal capacity necessary for constructing, operating, and maintaining the proposed facility and for obtaining, securing, and repaying the loan. A borrower must be financially sound and so organized and managed that efficient service will be provided. Loans may be guaranteed by FmHA not to exceed 90 percent of the loss. Guaranteed loans may be made with maturities of 7, 15 or 30 years, depending on the collateral, and bear interest at a rate agreed upon by the lender and borrower.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$75,000,000 for direct water and waste disposal loans (\$500,000,000 available in FY 1991).

Need for Change. The Administration recognizes the need to continue financial assistance to low-income communities to aid their efforts in meeting Federal water quality and drinking water standards. In response, the Department established their Rural Development Initiative in 1987 to reevaluate and redirect assistance to low-income and very low-income communities. The 1992 budget reflects the Administration's continuing concern for rural development by proposing funding for direct water and waste disposal loans and grants. This funding would provide support for 781 water and waste systems.

- (2) A decrease of \$35,000,000 for guaranteed water and waste disposal loans (35,000,000 available in FY 1991).

Need for Change. The guaranteed water and waste disposal loan program is proposed for termination in FY 1992. This program, initiated in FY 1990 has proven to be less effective in serving the needs of rural communities than other community and business programs available through the Agency.

- (3) A decrease of \$54,300,000 for direct community facility loans (\$100,000,000 available in FY 1991).

Need for Change. The Administration recognizes the need to continue financial assistance to low-income communities to aid their efforts in providing basic public services. In response, the Department established their Rural Development Initiative in 1987 to reevaluate and redirect assistance to low-income and very low-income communities. The 1992 budget reflects the Administration's continuing concern for rural development by proposing funding for direct community facility loans. This funding would provide support for 120 community facilities -- primarily public safety and health care facilities.

- (4) An increase of \$25,000,000 for guaranteed community facility loans (\$25,000,000 available in FY 1991).

Need for Change. The guaranteed community facility loan program will be continued at an increased level. These guaranteed loans will be targeted toward higher income taxable borrowers who can afford closer to market rate loans. This level will provide loans for 35 community facility projects.

- (5) A decrease of \$5,000,000 for guaranteed business and industrial loans (\$100,000,000 available in FY 1991).

Need for Change. Guaranteed loan commitments will continue to be made available through the guaranteed business and industry loan program, at a slightly lower level. This program supports the Administration's overall rural development initiative by providing business development, economic development and employment opportunities and financial support in rural areas. It is estimated that 83 guaranteed loan commitments will be made at this program level.

- (6) A decrease of \$10,000,000 for guaranteed loan commitments under the Disaster Assistance Act of 1988 and a decrease of \$60,000,000 for guaranteed loan commitments under the Disaster Assistance Act of 1989 (\$10,000,000 and \$60,000,000 respectively available in FY 1991).

Need for Change. Both of these programs were authorized to assist rural business entities suffering economic hardship as a direct or indirect result of the extreme weather conditions suffered by much of the Nation in fiscal years 1988 and 1989. In addition, P.L. 101-220, Making Technical Corrections in Agricultural Programs, added earthquakes to the list of adverse conditions eligible for assistance. These programs will be terminated since it is felt that any hardships suffered as a result of the adverse conditions occurring during the specified time period will have been addressed by the end of FY 1991.

- (7) An increase of \$69,168,000 for direct loan subsidy.

Need for Change. These estimated subsidy amounts are necessary to support the direct loan obligations associated with the requested FY 1992 loan levels under the provisions of the Omnibus Budget Reconciliation Act of 1990.

- (8) An increase of \$6,589,000 in the guaranteed loan subsidy.

Need for Change. This estimated subsidy amount is necessary to support the guaranteed loan commitment authority requested in FY 1992, pursuant to the provisions of the Omnibus Budget Reconciliation Act of 1990.

- (9) An increase of \$4,314,000 in administrative expenses (\$50,592,000 available in FY 1991).

Need for Change. Justification for administrative expenses and the staff-years are reflected in the Salaries and Expenses Project Statement.

(c) Rural Development Insurance Fund Direct Loan Financing Account

As required by the Omnibus Budget Reconciliation Act of 1990, this non-budgetary account records the obligations and cash flows to and from the Government resulting from direct loans obligated in FY 1992 and beyond. These cash flows may include, but are not limited to, direct loan subsidy payments from the subsidy account, loan disbursements, principal repayments and interest payments from borrowers, prepayments or fees, proceeds from the sale of loans, and interest paid on Treasury borrowing. In addition, this account will keep track of the available budget authority for direct loan disbursements and has permanent, indefinite authority to borrow to finance direct loan disbursements. All transactions of the financing account are a means of financing and are excluded from the budget deficit calculation.

(d) Rural Development Insurance Fund Guaranteed Loan Financing Account

As required by the Omnibus Budget Reconciliation Act of 1990, this non-budgetary account records the commitments and cash flows to and from the Government associated with guaranteed loan commitments made in FY 1992 and beyond. These cash flows may include, but are not limited to, guaranteed loan subsidy payments from the program account, default claims on guaranteed loan commitments, fees, collections on defaulted loans and receipt of interest on uninvested funds. In addition, this account will keep track of the available budget authority for guaranteed loan commitments. The account will also maintain a reserve to cover payments for defaults on guaranteed loans. All transactions of the financing account are a means of financing and are excluded from the budget deficit calculation.

Rural Development Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

Rural Development Insurance Fund
Water and Waste Disposal Loan Program - Direct

	1990 Amount	1991 Amount	1992 Amount
Alabama.....	9,739,000	13,140,000	11,169,000
Alaska.....	45,000	907,000	770,950
Arizona.....	1,625,200	3,070,000	2,609,500
Arkansas.....	15,429,270	9,570,000	8,134,500
California.....	9,395,350	13,770,000	11,704,500
Colorado.....	2,793,400	3,585,000	3,047,250
Connecticut.....	1,382,500	3,950,000	3,357,500
Delaware.....	--	1,196,000	1,016,600
Florida.....	8,741,900	10,942,000	9,300,700
Georgia.....	9,725,500	16,549,000	14,066,650
Hawaii.....	--	826,000	702,100
Idaho.....	1,178,700	3,067,000	2,606,950
Illinois.....	7,652,000	13,110,000	11,143,500
Indiana.....	7,227,500	12,375,000	10,518,750
Iowa.....	12,083,000	7,462,000	6,342,700
Kansas.....	3,626,100	5,040,000	4,284,000
Kentucky.....	18,757,600	15,442,000	13,125,700
Louisiana.....	12,662,900	11,473,000	9,752,050
Maine.....	12,091,950	4,202,000	3,571,700
Maryland.....	2,673,100	5,250,000	4,462,500
Massachusetts.....	8,070,200	5,847,000	4,969,950
Michigan.....	11,475,000	17,997,000	15,297,450
Minnesota.....	8,562,000	8,332,000	7,082,200
Mississippi.....	8,586,800	13,521,000	11,492,850
Missouri.....	9,198,200	10,941,000	9,299,850
Montana.....	931,700	2,586,000	2,198,100
Nebraska.....	2,703,300	3,784,000	3,216,400
Nevada.....	94,700	699,000	594,150
New Hampshire.....	3,111,000	2,644,000	2,247,400
New Jersey.....	7,554,500	5,062,000	4,302,700
New Mexico.....	781,400	2,996,000	2,546,600
New York.....	13,966,200	19,784,000	16,816,400
North Carolina.....	20,079,500	23,116,000	19,648,600
North Dakota.....	2,579,500	2,371,000	2,015,350
Ohio.....	13,370,000	18,673,000	15,872,050
Oklahoma.....	5,388,100	7,151,000	6,078,350
Oregon.....	5,045,700	5,653,000	4,805,050
Pennsylvania.....	10,202,300	23,626,000	20,082,100
Rhode Island.....	334,500	792,000	673,200
South Carolina.....	8,052,800	11,334,000	9,633,900
South Dakota.....	4,526,600	2,945,000	2,503,250
Tennessee.....	10,427,500	14,909,000	12,672,650
Texas.....	16,064,500	22,101,000	18,785,850
Utah.....	1,187,100	1,491,000	1,267,350
Vermont.....	5,801,000	2,276,000	1,934,600
Virginia.....	14,524,770	12,256,000	10,417,600
Washington.....	4,085,660	6,993,000	5,944,050
West Virginia.....	10,844,000	9,380,000	7,973,000
Wisconsin.....	1,193,500	10,030,000	8,525,500
Wyoming.....	102,000	1,018,000	865,300
Puerto Rico.....	4,619,000	23,766,000	20,201,100
Trust Territories..	--	500,000	425,000
Virgin Islands.....	--	500,000	425,000
Reserve	--	50,000,000	42,500,000
Total Avail./Est...	350,293,000	500,000,000	425,000,000

Water and Waste Disposal Loan Program - Guaranteed

Total Avail./Est...	--	35,000,000 1/	--
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1/ Cannot be distributed by geographic area in advance.

Rural Development Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

Rural Development Insurance Fund
Community Facilities Loan Program - Direct

	1990 Amount	1991 Amount	1992 Amount
Alabama.....	1,950,000	2,579,000	1,178,603
Alaska.....	450,000	360,000	164,520
Arizona.....	800,000	603,000	275,571
Arkansas.....	2,252,400	1,878,000	858,246
California.....	2,468,500	2,702,000	1,234,814
Colorado.....	661,000	704,000	321,728
Connecticut.....	509,000	775,000	354,175
Delaware.....	--	360,000	164,520
Florida.....	3,620,000	2,147,000	981,179
Georgia.....	4,310,700	3,248,000	1,484,336
Hawaii.....	--	360,000	164,520
Idaho.....	180,000	602,000	275,114
Illinois.....	2,280,000	2,573,000	1,175,861
Indiana.....	2,254,400	2,429,000	1,110,053
Iowa.....	1,034,100	1,465,000	669,505
Kansas.....	2,710,600	989,000	451,973
Kentucky.....	2,965,000	3,031,000	1,385,167
Louisiana.....	4,551,000	2,252,000	1,029,164
Maine.....	3,830,600	825,000	377,025
Maryland.....	738,600	1,030,000	470,710
Massachusetts.....	1,458,000	1,148,000	524,636
Michigan.....	172,000	3,532,000	1,614,124
Minnesota.....	1,647,000	1,635,000	747,195
Mississippi.....	3,244,000	2,654,000	1,212,878
Missouri.....	1,446,500	2,147,000	981,179
Montana.....	1,650,000	507,000	231,699
Nebraska.....	650,000	743,000	339,551
Nevada.....	70,000	360,000	164,520
New Hampshire.....	1,829,500	519,000	237,183
New Jersey.....	1,123,400	994,000	454,258
New Mexico.....	--	588,000	268,716
New York.....	4,052,000	3,883,000	1,774,531
North Carolina.....	5,988,400	4,537,000	2,073,409
North Dakota.....	159,200	465,000	212,505
Ohio.....	3,440,000	3,665,000	1,674,905
Oklahoma.....	1,375,500	1,403,000	641,171
Oregon.....	1,042,000	1,110,000	507,270
Pennsylvania.....	399,200	4,637,000	2,119,109
Rhode Island.....	1,143,000	360,000	164,520
South Carolina.....	4,312,100	2,224,000	1,016,368
South Dakota.....	673,000	578,000	264,146
Tennessee.....	2,431,000	2,926,000	1,337,182
Texas.....	1,206,800	4,338,000	1,982,466
Utah.....	2,740,000	360,000	164,520
Vermont.....	2,812,700	447,000	204,279
Virginia.....	3,774,200	2,405,000	1,099,085
Washington.....	1,011,000	1,372,000	627,004
West Virginia.....	1,796,000	1,841,000	841,337
Wisconsin.....	120,000	1,968,000	899,376
Wyoming.....	552,600	360,000	164,520
Puerto Rico.....	4,401,000	4,664,000	2,131,448
Virgin Islands.....	95,000	360,000	164,520
Trust Territories..	--	360,000	164,520
Reserve	--	9,998,000	4,569,086
Total Avail./Est...	94,381,000	100,000,000	45,700,000

Community Facilities Loan Program - Guaranteed

Illinois.....	800,000	--	--
Maine.....	8,390,800	--	--
New York.....	4,300,000	--	--
South Carolina.....	108,500	--	--
Total Avail./Est...	13,599,300	25,000,000 1/	50,000,000 1/

1/ Cannot be distributed by geographic area in advance.

Rural Development Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

Rural Development Insurance Fund
Business and Industrial Development Loan Program

	1990 Amount	1991 Amount	1992 Amount
Alabama.....	3,500,000	2,438,000	2,438,000
Alaska.....	--	500,000	500,000
Arizona.....	1,285,000	661,000	661,000
Arkansas.....	1,000,000	1,786,000	1,786,000
California.....	2,000,000	2,626,000	2,626,000
Colorado.....	--	612,000	612,000
Connecticut.....	--	603,000	603,000
Delaware.....	--	500,000	500,000
Florida.....	2,100,000	2,765,000	2,765,000
Georgia.....	3,810,600	2,822,000	2,822,000
Hawaii.....	--	500,000	500,000
Idaho.....	--	571,000	571,000
Illinois.....	1,804,500	2,911,000	2,911,000
Indiana.....	--	2,504,000	2,504,000
Iowa.....	--	1,305,000	1,305,000
Kansas.....	1,242,000	783,000	783,000
Kentucky.....	4,150,000	3,050,000	3,050,000
Louisiana.....	--	2,283,000	2,283,000
Maine.....	12,600,000	799,000	799,000
Maryland.....	--	864,000	864,000
Massachusetts.....	--	840,000	840,000
Michigan.....	3,595,000	3,311,000	3,311,000
Minnesota.....	3,262,000	1,639,000	1,639,000
Mississippi.....	3,825,000	2,479,000	2,479,000
Missouri.....	1,338,000	1,949,000	1,949,000
Montana.....	--	522,000	522,000
Nebraska.....	1,986,500	579,000	579,000
Nevada.....	--	500,000	500,000
New Hampshire.....	--	500,000	500,000
New Jersey.....	--	1,191,000	1,191,000
New Mexico.....	--	644,000	644,000
New York.....	8,268,000	3,327,000	3,327,000
North Carolina.....	4,993,000	4,069,000	4,069,000
North Dakota.....	--	500,000	500,000
Ohio.....	2,218,000	3,303,000	3,303,000
Oklahoma.....	--	1,460,000	1,460,000
Oregon.....	--	1,125,000	1,125,000
Pennsylvania.....	4,300,000	4,094,000	4,094,000
Rhode Island.....	--	500,000	500,000
South Carolina.....	9,977,700	1,974,000	1,974,000
South Dakota.....	300,000	500,000	500,000
Tennessee.....	1,567,250	2,789,000	2,789,000
Texas.....	15,225,000	3,637,000	3,637,000
Utah.....	--	500,000	500,000
Vermont.....	650,000	500,000	500,000
Virginia.....	--	1,974,000	1,974,000
Washington.....	--	1,533,000	1,533,000
West Virginia.....	7,275,500	1,925,000	1,925,000
Wisconsin.....	2,000,000	1,876,000	1,876,000
Wyoming.....	--	500,000	500,000
Puerto Rico.....	--	2,879,000	2,879,000
Trust Territories..	--	500,000	500,000
Virgin Islands....	--	500,000	500,000
Reserve.....	--	14,998,000	9,998,000
DD/DARBE Carryover. a/	--	70,000,000	--
Total Avail./Est...	104,273,050	170,000,000	95,000,000

a/ Funded through Disaster Assistance Act of 1988 (P.L. 100-387), the Disaster Assistance Act of 1989 (P.L. 101-82), and the Technical Corrections in Agriculture Programs Act (P.L. 101-220). These programs were authorized to assist rural business entities suffering economic hardship due to extreme weather conditions or earthquakes in FY 1988 and 1989. Hardships suffered during this period should be addressed by the end of FY 1991.

RURAL DEVELOPMENT ADMINISTRATION

The 1992 Budget Estimates include proposed changes in the language as follows (new language underscored; deleted matter enclosed in brackets):

Rural Development Loan Fund:

[For direct loans to intermediary borrowers, \$32,500,000, as authorized under the Rural Development Loan Fund (42 U.S.C. 9812(a)), to be available from funds in the Rural Development Loan Fund, \$2,000,000 and from funds appropriated to this account, \$30,500,000.]

This change eliminates the appropriation language for the liquidating account. All activity in FY 1992 and beyond will be reflected in the Rural Development Loans Program Account below.

Rural Development Loans Program Account:

For the cost, as defined in section 13201 of the Budget Enforcement Act of 1990, including the cost of modifying loans, of direct loans authorized by the Rural Development Loan Fund (42 U.S.C. 9812(a)) \$17,510,000: Provided, That these funds are available to subsidize gross obligations for the principal amount of direct loans of not to exceed \$35,000,000.

In addition, for administrative expenses to carry out the direct loan and grant programs, \$689,000, of which not to exceed \$689,000, may be transferred to and merged with the appropriations for Salaries and Expenses to cover the common overhead expenses associated with implementing the Credit Reform Act of 1990.

This change provides new appropriation language for funds for the lifetime subsidy level associated with the direct loans provided in the language, pursuant to the Omnibus Budget Reconciliation Act of FY 1990. In addition, administrative expenses, including those arising from servicing of loans obligated prior to FY 1992 are now being appropriated directly to this account.

Rural Development Loan Fund

The 1992 budget reflects the new credit reform procedures for federal credit programs authorized by the Balanced Budget Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990. Basically, these procedures require that budget authority and outlays for these programs represent subsidy costs, including interest subsidies, defaults, and administrative expenses, rather than loan disbursements and repayments. Loan levels are included in the appropriation language requested for the subsidy amount for FY 1992. The appropriation language also specifies the portion of the requested budget authority to be used for administrative expenses. Budget authority for the subsidy represents the difference between the Government's cash disbursements and the net present value of estimated cash inflows over the lifetime of the loans; whereas outlays represent the portion of the subsidy related to the loan amount disbursed within the year. Budget authority and outlays for the subsidies are presented in the Budget in "loan program accounts." All loan disbursement and repayment activity related to loans made in FY 1992 or later appear in a "financing account" and are considered "off-budget" for purposes of estimating the deficit. Budget authority and outlays for existing portfolios of loans are reflected in the Budget in "liquidating accounts" and are calculated as before, to represent disbursements, borrower repayments and payments, Federal Financing Bank repayments and Treasury borrowing requirements.

(a) Rural Development Loan Fund - Liquidating Account

As required by Title XIII, section 13201, of the Omnibus Budget Reconciliation Act of 1990, the current revolving fund account will be referred to as a liquidating account. No new loans and no administrative expenses will be charged to it after FY 1991. The liquidating account will be used to liquidate the loans made prior to FY 1992, as long as the terms and conditions of these loans do not change. Activity of this account will include, loan disbursements, collection of interest, loan repayments and prepayments, proceeds from the sale of acquired property, fees, and other revenues and expenses related to obligations and commitments made prior to FY 1992. Although FY 1990 actual and FY 1991 estimated activity is included in the sections that follow, they are provided for comparability purposes only.

(b) Rural Development Loans Program Account

(On basis of loan level, subsidy, and administrative expense)

	Loan Level	Subsidy	Administrative Expense
Amount, FY 1991.....	\$32,500,000	0	\$635,000
Amount, FY 1992.....	35,000,000	\$17,510,000	689,000
Increase in Amount.....	2,500,000	17,510,000	54,000

SUMMARY OF INCREASES

(On basis of loan level, subsidy, and administrative expense)
(In thousands of dollars)

Item of Change	1991 Estimated	Program Changes	1992 Estimated
Total:	:	:	:
Direct loans.....	\$32,500	\$2,500	\$35,000
Direct loan subsidy.....	0	17,510	17,510
Administrative expense.....	635	54	689

Staff-years are reflected in the Salaries and Expense Project Statement.

PROJECT STATEMENT

(On basis of loan level, subsidy and administrative expense)
(In thousands of dollars)

Project	1990 Actual	1991 Estimated	Increase or Decrease	1992 Estimated
Intermediary Relending Program:				
Direct loans.....	\$19,050	\$32,500	\$2,500 (1)	\$35,000
Direct loan subsidy.....	0	0	17,510 (2)	17,510
Administrative expense.....	550	635	54 (3)	689

Outlays in FY 1992 associated with the FY 1992 program are estimated to be \$2,440,000 of which \$689,000 is for administrative expenses.

EXPLANATION OF PROGRAM

As required by Title XIII, section 13201, of the Omnibus Budget Reconciliation Act of 1990, this account records the subsidy costs associated with the direct loan obligations of this program in FY 1992 and beyond. Subsidy amounts are obtained by estimating the difference between the Government's cash disbursements and the net present value of the Government's cash inflows resulting from direct loans made through this account. For the requested FY 1992 loan level of \$35,000,000, the associated lifetime subsidy is estimated to be \$17,510,000. Corresponding administrative expenses and staff-years are justified in the Salaries and Expenses Project Statement.

The Human Services Reauthorization Act of 1986, P.L. 99-425, reauthorized the making of loans, out of repayments or other funds made available to the Rural Development Loan Fund, by FmHA. The 1991 loan program level will be made available through unobligated balances, repayments to the fund, and a direct appropriation of \$30,500,000.

Loans will be made to intermediary borrowers (i.e. small investment groups) who in turn will relend the funds to rural businesses, community development corporations, private nonprofit organizations, etc. for the purpose of improving business, industry, community facilities, and employment opportunities and diversification of the economy in rural areas.

JUSTIFICATION OF INCREASES

- (1) An increase of \$2,500,000 in the intermediary relending program loan level (\$32,500,000 available in FY 1991).

Need for Change. The increased program level will aid in the support of a positive rural development initiative. The Intermediary Relending Program provides low interest loans to non-profit organizations who may then leverage other funds for relending to small businesses. These relenders provide extensive services to new rural businesses and enable communities to have a strong voice in the use of FmHA funds thus further strengthening the rural infrastructure.

Nature of Change. The program level will provide 26 loans to intermediary relenders in FY 1992.

- (2) An increase of \$17,510,000 in the rural development direct loan subsidy.

Need for Change. This estimated subsidy amount is necessary to support the direct loan obligations associated with the requested FY 1992 loan level, under the provisions of the Omnibus Budget Reconciliation Act of 1990.

- (3) An increase of \$54,000 in administrative expense (\$635,000 available in FY 1991).

Justification for administrative expenses and the staff-years are reflected in the Salaries and Expenses Project Statement.

(c) Rural Development Direct Loan Financing Account

As required by the Omnibus Budget Reconciliation Act of 1990, this off-budgetary account records the obligations and cash flows to and from the Government resulting from direct loans obligated in FY 1992 and beyond. These cash flows may include, but are not limited to, direct loan subsidy payments from the subsidy account, loan disbursements, principal repayments and interest payments from borrowers, prepayments or fees, proceeds from the sale of loans, and interest paid on Treasury borrowing. In addition, this account has permanent, indefinite budget authority to borrow from the Treasury in order to finance direct loan disbursements. All transactions of the financing account are a means of financing and are excluded from the budget deficit calculation.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

Rural Development Loan Fund

	1990 Amount	1991 Amount	1992 Amount
	-----	-----	-----
Arkansas.....	1,000,000	--	--
California.....	5,800,000	--	--
Colorado.....	1,200,000	--	--
Georgia.....	1,500,000	--	--
Illinois.....	1,500,000	--	--
Kansas.....	300,000	--	--
Maine.....	1,500,000	--	--
New Jersey.....	1,000,000	--	--
North Carolina....	1,500,000	--	--
Pennsylvania.....	500,000	--	--
Vermont.....	900,000	--	--
Wisconsin.....	2,350,000	--	--
	-----	-----	-----
Total Avail./Est..	19,050,000	32,500,000 1/	35,000,000 1/

1/ Cannot be distributed by geographic area in advance.

RURAL DEVELOPMENT ADMINISTRATION

The 1992 Budget Estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Water and Waste Disposal Grants:

For grants pursuant to sections 306(a)(2) and 306(a)(6) of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1926), [~~\$300,000,000~~] \$225,000,000, to remain available until expended, pursuant to section 306(d) of the above Act: Provided, That these funds shall not be used for any purpose not specified in section 306(a) of the Consolidated Farm and Rural Development Act.

Rural Water and Waste Disposal Grants

Appropriation Act, 1991.....	\$300,000,000
Budget Estimate, 1992.....	225,000,000
Decrease in Appropriation.....	-75,000,000
	=====

PROJECT STATEMENT
(On basis of appropriation)

Project	1990 Actual	1991 Estimated	Decrease	1992 Estimated
Rural water & waste disposal grants:				
Water supply.....	\$122,191,560	\$176,400,000	\$-44,100,000	\$132,300,000
Waste disposal.....	75,351,462	108,780,000	-27,195,000	81,585,000
Combination - water & waste disposal....	6,109,578	8,820,000	-2,205,000	6,615,000
Technical assistance grants.....	4,047,400	6,000,000	-1,500,000	4,500,000
<u>Total appropriation.....</u>	<u>207,700,000</u>	<u>300,000,000</u>	<u>-75,000,000 (1)</u>	<u>225,000,000</u>
	=====	=====	=====	=====

The preceding tabulation is based on amounts included in appropriation acts. The following tabulation shows estimated obligations on an available funds basis, including balances brought forward from prior years.

PROJECT STATEMENT
(On basis of obligations under available funds)

Project	1990 Actual	1991 Estimated	Increase or Decrease	1992 Estimated
Rural water & waste disposal grants:				
Water supply.....	\$125,823,153	\$177,184,392	\$-44,884,392	\$132,300,000
Waste disposal.....	77,051,889	109,263,708	-27,678,708	81,585,000
Combination - water & waste disposal....	5,113,300	8,859,220	-2,244,220	6,615,000
Technical assistance grants.....	4,047,400	6,000,000	-1,500,000	4,500,000
<u>Total obligations.....</u>	<u>212,035,742</u>	<u>301,307,320</u>	<u>-76,307,320 (1)</u>	<u>225,000,000</u>
Recovery of prior year obligations.....	-4,372,489	--	--	--
Unobligated balance available, start of year.....	-1,270,573	-1,307,320	+1,307,320	--
Unobligated balance available, end of year.....	1,307,320	--	--	--
<u>Total adjusted appropriation.....</u>	<u>207,700,000</u>	<u>300,000,000</u>	<u>-75,000,000</u>	<u>225,000,000</u>
	=====	=====	=====	=====

Staff-years are reflected on the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

Section 306 of the Consolidated Farm and Rural Development Act, as amended, provides appropriation authority for grants for the development costs of water and waste disposal projects in rural areas.

Development grants may be made to associations, including corporations operating on a nonprofit basis, municipalities, authorities, districts, certain Indian tribes, and similar organizations generally designated as public or quasi-public agencies,

that propose projects for development of storage, treatment, purification, or distribution of domestic water or the collection, treatment, or disposal of waste in rural areas. Grants may be made to assist eligible applicants to pay for part of the development cost of such projects if necessary to reduce user charges to a reasonable level. In addition, grants may be made to private nonprofit organizations that have experience in providing technical assistance and training for such purposes as assisting in identifying and evaluating alternative solutions to problems relating to water and waste disposal, preparing applications, and improving operation and maintenance practices at existing plants. Combined loans and grants may be made when the applicant is able to repay part, but not all, of the project costs.

Grants also may be made to supplement other funds borrowed or furnished by applicants to pay development costs. An eligible project must serve a rural area which is not likely to decline in population below that for which the project was designed, and it must be designed and constructed so that adequate capacity will be or can be made available to serve the reasonably foreseeable growth needs of the area.

Water and waste disposal grants may not exceed 75 percent of the development cost of the project. The development cost may include the cost of construction of the proposed facility including rights-of-way, land rights, water rights, engineering fees, and legal fees.

JUSTIFICATION OF DECREASE

- (1) A decrease of \$75,000,000 for rural water and waste disposal grants (\$300,000,000 available in 1991).

Need for Change. The Administration recognizes the need to continue financial assistance to low-income communities to aid their efforts in providing basic public services and in meeting Federal water quality and drinking water standards. In response the Department directed assistance to low- and very low-income communities. The 1992 budget reflects the Administration's continuing concern for rural communities by proposing \$225 million be made available to support water and waste disposal grants primarily for very low-income communities.

Nature of Change. The program level will provide 465 grants in FY 1992.

Rural Development Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

Rural Water and Waste Disposal Grant Program

	1990 Amount	1991 Amount	1992 Amount
Alabama.....	5,337,600	7,743,000	5,807,250
Alaska.....	350,000	535,000	401,250
Arizona.....	2,186,700	1,809,000	1,356,750
Arkansas.....	9,483,800	5,640,000	4,230,000
California.....	5,816,000	8,115,000	6,086,250
Colorado.....	1,448,900	2,112,000	1,584,000
Connecticut.....	802,000	2,328,000	1,746,000
Delaware.....	242,500	705,000	528,750
Florida.....	6,044,900	6,448,000	4,836,000
Georgia.....	7,299,200	9,753,000	7,314,750
Hawaii.....	--	487,000	365,250
Idaho.....	2,068,300	1,807,000	1,355,250
Illinois.....	5,451,300	7,726,000	5,794,500
Indiana.....	3,840,900	7,293,000	5,469,750
Iowa.....	3,030,000	4,398,000	3,298,500
Kansas.....	2,770,900	2,970,000	2,227,500
Kentucky.....	8,407,600	9,100,000	6,825,000
Louisiana.....	7,285,900	6,761,000	5,070,750
Maine.....	4,526,230	2,476,000	1,857,000
Maryland.....	2,769,000	3,094,000	2,320,500
Massachusetts.....	5,043,500	3,446,000	2,584,500
Michigan.....	7,338,000	10,606,000	7,954,500
Minnesota.....	3,184,750	4,910,000	3,682,500
Mississippi.....	5,084,000	7,968,000	5,976,000
Missouri.....	5,079,500	6,448,000	4,836,000
Montana.....	1,170,300	1,524,000	1,143,000
Nebraska.....	1,651,000	2,230,000	1,672,500
Nevada.....	297,000	412,000	309,000
New Hampshire.....	1,605,000	1,558,000	1,168,500
New Jersey.....	2,245,000	2,983,000	2,237,250
New Mexico.....	1,683,600	1,766,000	1,324,500
New York.....	9,147,900	11,659,000	8,744,250
North Carolina.....	5,081,700	13,623,000	10,217,250
North Dakota.....	613,500	1,397,000	1,047,750
Ohio.....	8,255,000	11,004,000	8,253,000
Oklahoma.....	6,519,700	4,214,000	3,160,500
Oregon.....	2,295,000	3,332,000	2,499,000
Pennsylvania.....	7,411,200	13,923,000	10,442,250
Rhode Island.....	360,000	466,000	349,500
South Carolina.....	4,841,700	6,679,000	5,009,250
South Dakota.....	2,494,200	1,736,000	1,302,000
Tennessee.....	6,436,300	8,786,000	6,589,500
Texas.....	9,950,000	13,025,000	9,768,750
Utah.....	417,700	878,000	658,500
Vermont.....	1,200,100	1,341,000	1,005,750
Virginia.....	7,209,700	7,223,000	5,417,250
Washington.....	3,169,100	4,121,000	3,090,750
West Virginia.....	4,917,200	5,528,000	4,146,000
Wisconsin.....	5,263,100	5,911,000	4,433,250
Wyoming.....	2,835,250	600,000	450,000
Puerto Rico.....	10,074,000	14,005,000	10,503,750
Trust Territories..	--	400,000	300,000
Virgin Islands.....	--	400,000	300,000
Reserve.....	--	28,598,000	21,448,500
Tech. Asst. Training	--	6,000,000	4,500,000
Carryover.....	--	1,307,319	--
Total Avail./Est...	212,035,730	301,307,319	225,000,000

RURAL DEVELOPMENT ADMINISTRATION

The 1992 Budget Estimates include proposed changes in the language of this item as follows (deleted matter enclosed in brackets):

Rural Development Grants:

For grants authorized under section 310(B)(c) (7 U.S.C. 1932) to any qualified public or private nonprofit organization, [\$20,750,000: Provided, That \$500,000 shall be available for grants to qualified nonprofit organizations to provide technical assistance and training for rural communities needing improved passenger transportation systems or facilities in order to promote economic development: Provided further, That \$2,000,000 shall be available for grants to statewide private, non-profit public television systems in predominantly rural States to provide information and services on rural economics and agriculture] \$20,000,000.

This change eliminates language which unduly restricts the Agency's capability in carrying out rural development initiatives under the new Rural Development Administration.

Rural Development Grants

Appropriation Act, 1991.....	\$20,750,000
Budget Estimate, 1992.....	20,000,000
Decrease in Appropriation.....	<u>-750,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)

Project	: 1990 : Actual	: 1991 : Estimated	: Decrease	: 1992 : Estimated
Rural development grants appropriation.:	\$16,406,000	\$20,750,000	-\$750,000	\$20,000,000

Staff-years are reflected on the Salaries and Expenses Project Statement of the Rural Development Administration.

EXPLANATION OF PROGRAM

This grant program is authorized under section 310B(c) of the Consolidated Farm and Rural Development Act, as amended. Grants may be made to any qualified public or private nonprofit organization for measures designed to finance and facilitate development of small and emerging private business enterprises, including the development, construction or acquisition of land, buildings, plants, equipment, access streets and roads, parking areas, utility extensions, necessary water supply and waste disposal facilities, technical assistance, necessary start up capital, establishment of revolving loan funds, refinancing, services and fees. Grants may not exceed \$50,000,000 annually and no single grant may exceed \$500,000. In fiscal year 1992 this program will be administered by the Rural Development Administration.

JUSTIFICATION OF DECREASE

A decrease of \$750,000 for the rural development grants (\$20,750,000 available in 1991).

Need for Change. The requested funding is needed to complement the President's Rural Development Initiative of stimulating economic development and job creation in rural areas. The grants are used in small communities and economically distressed areas lacking access to capital.

Nature of Change. The requested funding will provide 145 grants.

Rural Development Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

	Rural Development Grants		
	1990 Amount	1991 Amount	1992 Amount
Alabama.....	--	--	--
Alaska.....	149,000	--	--
Arizona.....	83,000	--	--
Arkansas.....	257,000	--	--
California.....	400,000	--	--
Colorado.....	90,000	--	--
Connecticut.....	--	--	--
Delaware.....	--	--	--
Florida.....	294,000	--	--
Georgia.....	499,300	--	--
Hawaii.....	100,000	--	--
Idaho.....	82,000	--	--
Illinois.....	353,000	--	--
Indiana.....	333,000	--	--
Iowa.....	276,000	--	--
Kansas.....	214,000	--	--
Kentucky.....	546,000	--	--
Louisiana.....	634,000	--	--
Maine.....	489,300	--	--
Maryland.....	500,000	--	--
Massachusetts.....	157,000	--	--
Michigan.....	757,500	--	--
Minnesota.....	378,000	--	--
Mississippi.....	344,000	--	--
Missouri.....	294,000	--	--
Montana.....	--	--	--
Nebraska.....	102,000	--	--
Nevada.....	--	--	--
New Hampshire.....	71,000	--	--
New Jersey.....	136,000	--	--
New Mexico.....	50,000	--	--
New York.....	561,900	--	--
North Carolina.....	572,000	--	--
North Dakota.....	714,000	--	--
Ohio.....	552,000	--	--
Oklahoma.....	1,325,000	--	--
Oregon.....	152,000	--	--
Pennsylvania.....	635,000	--	--
Rhode Island.....	127,000	--	--
South Carolina.....	413,000	--	--
South Dakota.....	79,000	--	--
Tennessee.....	401,000	--	--
Texas.....	480,000	--	--
Utah.....	140,000	--	--
Vermont.....	711,000	--	--
Virginia.....	710,000	--	--
Washington.....	188,000	--	--
West Virginia.....	264,000	--	--
Wisconsin.....	270,000	--	--
Wyoming.....	--	--	--
Puerto Rico.....	472,000	--	--
Trust Territories..	--	--	--
Virgin Islands.....	50,000	--	--
Reserve	--	--	--
Appro Rpt Projects	--	--	--
Total Avail./Est...	16,406,000	20,750,000 1/	20,000,000 1/

1/ Cannot be distributed by geographic area in advance.

RURAL DEVELOPMENT ADMINISTRATION

The 1992 Budget Estimates include proposed language for this item as follows (deleted matter enclosed in brackets):

Emergency Community Water Assistance Grants:

[For emergency community water assistance grants as authorized by title V of the Disaster Assistance Act of 1989 (Public Law 101-82), \$10,000,000.]

This change eliminates the appropriation language for this account. No funds are requested for FY 1992.

Emergency Community Water Assistance Grants

Appropriation Act, 1991.....	\$10,000,000
Budget Estimate, 1992.....	0
Decrease in Appropriation.....	-10,000,000
	=====

PROJECT STATEMENT
(On basis of appropriation)

Project	1990 Actual	1991 Estimated	Decrease	1992 Estimated
Emergency community water assistance grants, appropriation.....	0	\$10,000,000	\$-10,000,000	0

=====

Staff-years are reflected on the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This grant program is authorized under Section 306A of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1926(a)). Grants are made to public bodies and private nonprofit organizations serving rural areas for the purpose of construction or extension of waterlines, repairs or maintenance of existing systems, replace equipment, and pay cost to correct emergency situations. Grants made to alleviate a significant decline in quantity or quality of water available from the water supplies of rural residents that occurs within two years of filing an application with FmHA may not exceed \$500,000. Grants made for repairs, partial replacement, or significant maintenance on an established system may not exceed \$75,000.

JUSTIFICATION OF DECREASE

A decrease of \$10,000,000 for emergency water community assistance grants (\$10,000,000 available in FY 1991).

Need for Change. Some activities funded under this program are funded under other authorities.

Nature of Change. No funds are requested for FY 1992.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

	1990 Amount	1991 Amount	1992 Amount
Total Avail./Est...	--	10,000,000 1/	--

1/ Cannot be distributed by geographic area in advance.

RURAL DEVELOPMENT ADMINISTRATION

The 1992 Budget Estimates include proposed language for this item as follows (deleted matter enclosed in brackets):

Solid Waste Management Grants:

[For grants for pollution abatement and control projects authorized under section 310B(b) (7 U.S.C. 1932) of the Consolidated Farm and Rural Development Act, \$1,500,000: Provided, That such assistance shall include regional technical assistance for improvement of solid waste management.]

This change eliminates the appropriation language for this program. No funds are requested for FY 1992.

Solid Waste Management Grants

Appropriation Act, 1991.....	\$1,500,000
Budget Estimate, 1992.....	0
Decrease in Appropriation.....	-1,500,000
	=====

PROJECT STATEMENT
(On basis of appropriation)

Project	: 1990 : Actual	: 1991 : Estimated	: Decrease	: 1992 : Estimated
Solid waste management grants, appropriation.....	: \$0	: \$1,500,000	: \$-1,500,000	: \$0
	=====			

Staff-years are reflected on the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This grant program is authorized under Section 310B(b) of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1926(a)). Grants are made to public bodies and private nonprofit organizations to provide technical assistance to local and regional governments for the purpose of reducing or eliminating pollution of water resources and for improving the planning and management of solid waste disposal facilities.

JUSTIFICATION OF DECREASE

A decrease of \$1,500,000 for solid waste management grants (\$1,500,000 available in FY 1991).

Need for Change. Activities funded under this program are funded under other authorities.

Nature of Change. No funds are requested for FY 1992.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

	1990 Amount	1991 Amount	1992 Amount
Total	--	\$1,500,000 1/	--

1/ Cannot be distributed by geographic area in advance.

RURAL DEVELOPMENT ADMINISTRATION

The 1992 Budget Estimates include proposed changes in the language of this item as follows (deleted matter enclosed in brackets):

[Rural Community Fire Protection Grants]:

[For grants pursuant to section 7 of the Cooperative Forestry Assistance Act of 1978 (Public Law 95-313), \$3,500,000 to fund up to 50 per centum of the cost of organizing, training, and equipping rural volunteer fire departments.]

This change eliminates the appropriation language for this program. No funds are requested for fiscal year 1992.

Rural Community Fire Protection Grants

Appropriation Act, 1991.....	\$3,500,000
Budget Estimate, 1992.....	--
Decrease in Appropriation.....	<u>3,500,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	1990 Actual	1991 Estimated	Decrease	1992 Estimated
Rural community fire protection grants....	\$3,010,018	\$3,500,000	-\$3,500,000	--
Unobligated balance lapsing.....	80,982	--	--	--
Total appropriation....	3,091,000	3,500,000	-3,500,000	--

Staff-years are reflected on the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This assistance was authorized by section 7 of the Cooperative Forestry Assistance Act of 1978. Grants are made to public bodies to organize, train, and equip local fire-fighting forces, including those of Indian tribes or other native groups, to prevent, control, and suppress fires threatening human lives, crops, livestock, farmsteads or other improvements, pastures, orchards, wildlife, rangeland, woodland, and other resources in rural areas.

JUSTIFICATION OF DECREASE

A decrease of \$3,500,000 for the rural community fire protection grants (\$3,500,000 available in 1991).

Need for Change. This program is proposed for termination in 1992. Organizations eligible for fire protection grants may apply for either RDA community facility direct loan or a RDA guaranteed loan through the private sector.

Nature of Change. No funds are proposed for this program in FY 1992.

Rural Development Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

Rural Community Fire Protection Grants

	1990 Amount	1991 Amount	1992 Amount
Alabama.....	48,400	56,279	--
Alaska.....	66,892	77,781	--
Arizona.....	51,000	59,302	--
Arkansas.....	49,400	57,441	--
California.....	134,000	155,813	--
Colorado.....	58,900	68,488	--
Connecticut.....	21,850	25,407	--
Delaware.....	16,150	18,779	--
Florida.....	64,600	75,116	--
Georgia.....	57,900	67,325	--
Hawaii.....	15,000	17,442	--
Idaho.....	32,000	37,209	--
Illinois.....	115,900	134,766	--
Indiana.....	79,800	92,790	--
Iowa.....	104,500	121,511	--
Kansas.....	105,300	122,441	--
Kentucky.....	53,200	61,860	--
Louisiana.....	66,500	77,325	--
Maine.....	23,750	27,616	--
Maryland.....	33,250	38,662	--
Massachusetts.....	24,700	28,721	--
Michigan.....	84,550	98,313	--
Minnesota.....	118,750	138,080	--
Mississippi.....	48,400	56,279	--
Missouri.....	87,400	101,627	--
Montana.....	55,350	64,360	--
Nebraska.....	80,600	93,720	--
Nevada.....	27,000	31,395	--
New Hampshire.....	17,100	19,884	--
New Jersey.....	34,200	39,767	--
New Mexico.....	31,000	36,046	--
New York.....	81,700	94,999	--
North Carolina.....	69,300	80,581	--
North Dakota.....	89,190	103,708	--
Ohio.....	90,250	104,941	--
Oklahoma.....	59,800	69,534	--
Oregon.....	49,500	57,558	--
Pennsylvania.....	91,200	106,046	--
Rhode Island.....	13,300	15,465	--
South Carolina.....	44,600	51,860	--
South Dakota.....	74,300	86,395	--
Tennessee.....	55,100	64,069	--
Texas.....	156,700	182,208	--
Utah.....	27,940	32,488	--
Vermont.....	18,050	20,988	--
Virginia.....	47,500	55,232	--
Washington.....	51,500	59,883	--
West Virginia.....	30,400	35,349	--
Wisconsin.....	77,900	90,581	--
Wyoming.....	23,900	27,790	--
Puerto Rico.....	13,300	15,465	--
Trust Territories..	--	--	--
Virgin Islands.....	13,300	15,465	--
Regional Admin.....	23,946	27,855	--
Total Avail./Est...	3,010,018	3,500,000	--

